



RISK MANAGEMENT POLICY

REGISTERED AND CORPORATE OFFICE

Shalby Limited

Opposite Karnawati Club
Sarkhej Gandhinagar Highway
Near Prahlad Nagar Garden
Ahmedabad – 380 015
Gujarat, India

CIN: L85110GJ2004PLC044667

This policy is in compliance with clause (n) of Sub-Section (3) of Section 134 of the Companies Act, 2013, which requires the Company to lay down a statement in the Board's Report indicating development and implementation of a Risk Management Policy for the Company.

1. OBJECTIVE & PURPOSE OF 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.

- I. The Board of Directors of the Company and the Audit Committee of Directors shall periodically review the risk management policy of the Company so that management controls the risk through properly defined network.
- II. 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 the Audit Committee.

2. RISK STRATEGY

Shalby recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner

The Company believes that the Risk cannot be eliminated. However, it can be:

- I. Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- II. Reduced, by having good internal controls;
- III. Avoided, by not entering into risky businesses;
- IV. Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- V. Shared, by following a middle path between retaining and transferring risk.

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, retention of talent and expansion of facilities.

Business risk, inter-alia, further includes financial risk, political risk and legal risk For managing Risk more efficiently the company would need to identify the risks that it faces in trying to achieve the objectives of the Company. Once these risks are identified, the risk manager would

need to evaluate these risks to see which of them will have critical impact on the Company and which of them are not significant enough to deserve further attention.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

Risk mitigation is an exercise aiming to reduce the loss or injury arising out of various risk exposures.

Shalby adopts systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. The Company believes that this would ensure mitigating steps proactively and help to achieve stated objectives.

The Audit Committee constituted by the Company shall review Risk Management policy atleast once in a year and recommend to the Board suggestions to address additional risk, if any associated with the business of the Company.

We consider activities at all levels of the organization, viz., Enterprise level; Division level; Business Unit level; Subsidiary and Joint Venture level are considered in the risk management framework. All these components are interrelated and drive the Enterprise Wide Risk Management with focus on three key elements, viz.

- I. Risk Assessment
- II. Risk Management
- III. Risk Monitoring.

3. RISK ASSESSMENT

Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed.

Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks to meet the stated objectives, effective strategies for exploiting opportunities are to be evolved and as a part of this, key risks are identified and plans for managing the same are laid out.

4. RISK MANAGEMENT AND RISK MONITORING

In the management of Risk the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in the following areas:

Risks and Concerns

Quality risk

Highest quality parameters are a must for any Hospital business or Service sector industry and any negligence in regard to the same could lead to severe consumer attrition.

Risk mitigation

The Company ensures the conformance to the highest quality standards coupled with fully automated and hygienic Equipments and Hospital units, and comprehensive quality checks, resulting in superior products and services. The quality of the Company's products and services has not only led to better acceptance in even the fiercely competitive markets; but also has resulted in high repeat business on account of increased customer loyalty. Moreover the Company is certified for ISO 9001:2008, for a quality management system where an organization

- i. needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements, and
- ii. aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.
- iii. In addition to, Hospital situated at SG Road is NABH accredited hospital and following best practices to give maximum satisfaction to the patient. Besides, pathology lab is also NABL accredited so as to give accurate and quality services to the patient.

Competition risk

Many competitors with cheaper variants of Hospital services capture the market with lower price schemes. Even plagiarism in terms of packet design, brand name, etc. can dent the Company's bottom line to a great extent.

Risk mitigation

The Company believes that in the long run, quality of Healthcare Services is the sole consideration of the patients and has therefore never compromised on its ageing or its high-end processing.

The Company has strong focus on Research & Development, which enables it to introduce new and hygienic and quality healthcare services to its customers / patients and derive a first mover's advantage for the initial specific period. Shalby has intensified its branding initiatives, to ensure a credible brand, which would differentiate the Company's top line.

Shortage of skilled / semi-skilled manpower

Shalby Hospital is a Multispecialty hospital providing various healthcare treatment and

services to its customer and patients.

There is always a shortage of skilled and qualified doctors and surgeon in the market. There is also the shortage of semi-skilled staff like clinical staff and nurses in the Hospital.

Risk mitigation

The Company has strong HR Team and has implemented the best recruitment policy and Human Resource policies to recruit the skilled / semi – skilled staff in to the organization and to retain the employees of the organization.

Foreign exchange risk

Shalby is exposed to foreign exchange risk on account of its import of hospital equipments and machineries.

Risk mitigation

At Shalby all revenue exposures are hedged to the maximum extent.

Realizations risk

Any decline in the realizations would directly affect the Company's performance.

Risk mitigation

The Company provides the excellent healthcare services to its customer and patients, ensuring that while the quality is maintained on one hand; on the other hand its products don't get perceived or compared with the quality of unpacked unbranded healthcare products.

Natural mass calamities, disaster etc.

Shalby is engaged in providing healthcare services and hospital is being considered as public place in terms of such kind of risk and therefore it is exposed to risk of natural calamities and disaster etc.

Risk mitigation

Shalby is mitigating all such kind risk by insuring its assets and pre assumed public liabilities to the maximum extent.

5. ROLE OF THE BOARD

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

- I. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
- II. Ensure that the appropriate systems for risk management are in place.
- III. The independent directors shall help in bringing an independent judgment 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;
- IV. Participate in major decisions affecting the organization's risk profile;
- V. Have an awareness of and continually monitor the management of strategic risks;
- VI. Be satisfied that processes and controls are in place for managing significant risks;
- VII. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- VIII. Ensure risk management is integrated into board reporting and annual reporting mechanisms;
- IX. Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.
