RISK MANAGEMENT POLICY

A   VISION OF THE POLICY

Develop organisational capabilities in risk management so as to ensure a consistent, efficient and effective assessment of risk in the achievement of corporate goals.

B   POLICY

1. Overall Policy

Aurum Soft's vision is to become a major Information Technology solutions provider globally. For the purpose of achievement of the goals of the Company, Aurum Soft must pursue ventures which do involve some degree of risk. The Company's policy is to provide an analytical framework for the purpose of risk assessment and management of the same. The Company views risk management as a continuous process which is the principal driver for effective Corporate Governance and for enhancement of value to the shareholders.

2. Strategic Planning

Strategic planning in an integral function in identifying communicating and focussing on those factors that are critical to Aurum Soft in achieving its vision.

Strategic plans are prepared for all strategic business units and locations. The strategic planning process forms one of the key elements of Aurum Soft's risk management framework. It is through effective planning that the Management identifies, analyses and deliberates opportunities as well as attendant risks and risk management strategies. Additionally, it is through this planning process that key risks and risk management strategies are communicated to the Board.

Aurum Soft's planning process is supported by a number of policies and framework covering specific areas including:

- Product development and implementation
- Human Resources
- Confidentiality and Disclosures
- Insider Trading
- Foreign exchange management
- Finance and Accounts
- Statutory Compliances

Aurum Soft views that successful risk management will be achieved through the development of a management culture where the consideration of risk and reward is instinctive in day-to-day activities.

In developing these capabilities, Management are authorised to act in accordance with agreed policies and procedures and delegations of authority.

3. **Roles and Responsibilities**

Board

The Board is responsible for oversight of the risk management framework, including the consideration and review of this policy on an annual basis. The Board is also responsible for establishing policies and reviewing the effectiveness of Aurum Soft's approach to risk management including the status of major business risks.

Audit Committee

The committee advises the Board on the appropriateness of significant policies and procedures relating to financial disclosures and reviews the effectiveness of the Company's internal control framework.

Risk Management Committee

The Board has delegated the responsibility for implementation of this policy to the Risk Management Committee consisting of the following members:

- Mr. K. Balaji, Chairman
- Mr. Srikanth Ramanathan, Managing Director

The Risk Managing Committee is responsible for establishing procedures that will enable the development of the risk profile of the Company. The aim of the same is to provide the Board an assurance that major business risks are being identified and consistently assessed and that management plans are in place to address the risks.

The obligations of the various functions/locations in the implementation of risk management policies and procedures will be overseen by the Risk Management Committee, including:

a) Reporting of performance against budget and strategic targets
b) Reporting of performance against Aurum Soft's policies and procedures
c) Reporting of changes anticipated in the economic and /or business environment and other factors considered relevant to future performance
d) Oversee compliance with applicable laws in all jurisdictions in which the Company operates, relating to the operation of their business or functional unit
e) Ensuring appropriate systems are in place for the protection of Aurum Soft's people and assets, including addressing any local laws and regulations
f) Committees are established, as deemed appropriate, to ensure that key risks are managed efficiently and effectively.

Aurum Soft is of the view that not every aspect of risk management can be formalised and therefore places reliance on the skill, experience and judgement of its people to take risk-managed decisions within the policy guidance.

4. **Risk Process elements**

Risk identification

Key risks should be identified and analysed during the planning phase of any project or business cycle. This ensures an appropriate consideration of risk and reward and the development of risk mitigation strategies prior to the commitment of Company's resources.

Management

Successful risk management requires the maintenance of a culture that encourages employees and managers to communicate risk management issues, concerns and recommendations without fear of retribution.

The identification and proper management of risk within the Company is an important priority of the Board and Management. In developing a culture of risk management, each business unit, functional and locational head is responsible for developing appropriate responses to manage risk.

Monitoring

Monitoring consists of both formal and informal processes applied by Management, Functional Heads, Locational Heads and an independent Group to measure the effectiveness of risk management strategies.

<u>Risk forecasting</u>

Management is responsible for regularly assessing their functional units risks and the effectiveness and appropriateness of current risk management strategies. Where risks change and /or current management strategies are amended these should be reported to the Risk /Board accordingly.

The Management should undertake a review with the appropriate business /functional /locational Heads and call on any external advice that may be required. The Board will consider the outcomes of this review.

5. Policy Reviews

This policy and the underlying strategies /procedures will be reviewed annually by the Management /Board to ensure their continued application and relevance.