

GTPL Hathway Limited

Risk Management Policy

(Effective from November 2, 2021)

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1. Background

GTPL Hathway Limited (GTPL) recognises 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:

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

GTPL is engaged in the business of providing Digital Cable Television services. It also provides Broadband services through its subsidiaries.

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,
- Market risk,
- Technology obsolescence,
- Investments,
- Information and Cyber Security,
- ESG (Environmental, Social and Governance),
- Retention of talent and expansion of facilities.

Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, 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 concerned functional head 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.

The Policy attempts to identify and then manage threats that could severely impact the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

The Ministry of Corporate Affairs, Government of India has also accepted the concept of Risk Management and its relevance to the smooth functioning of the Corporate sector in India and therefore introduced a specific provision on Risk Management under paragraph (II) (C) of Corporate Governance voluntary guidelines, 2009, It has therefore become mandatory for the listed Companies to prepare a comprehensive framework of risk management for assessment of risks and determine the responses to these risks so as to minimise their adverse impact on the organisation.

2. Legal Framework

Requirement as per Companies Act, 2013 ('the Act'):

- **Responsibility of the Board:** As per Section 134(3)(n) of the Act, requires the Board of Directors of a Company, as part of the Board's Report, to furnish 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.
- **Responsibility of the Audit Committee:** As per Section 177(4) of the Act, Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include- (vii) Evaluation of internal financial controls and risk management systems.
- **Responsibility of the Independent Directors:** As per Schedule IV of the Act [Section 149(8)] - Code for Independent Directors Part II, Role and functions: The independent directors shall: (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct; and (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

Requirement as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR))

- **Regulation 17(9)** requires (a) the Company to lay down procedures to inform members of Board of Directors about risk assessment and risk minimization; (b) The board of directors shall be responsible for framing, implementing and monitoring the risk management plan.
- **Regulation 21** requires that the Board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit, specifically covering cyber security.
- **Regulation 21 read with Part D of Schedule II** requires the risk management Committee shall act in accordance with the terms of reference specified in writing which shall mandatorily include the performance of functions as specified therein.

3. Objective

Risk Management Policy ("the Policy") provides a means to help ensure that we manage each type of risk in the right way: operating with high reliability, complying with laws and regulations and making the right decisions about choices with uncertain outcomes.

4. Scope and Exclusions

This Policy applies to all Segments and Functions (including its Subsidiaries and Joint Ventures) for the management of all types of risks including but not limited to Strategic & Commercial, Safety & Operational, Compliance & Control and Financial.

5. Risk Management Framework

Risk Management is the process of assessing the probabilities (likelihood), consequences (impact) and mitigating controls against the risk events at an organisation level.

The results of this assessment would be used to prioritize risks and to establish a most-to-least-critical importance ranking across all the functional domains within the organisation.

Ranking risks in terms of their criticality or importance provides insights to the Senior management as to where resources may be deployed or controls can be advanced to manage or mitigate the realization of high probability/high consequent risk events.

Risk Management is a multiple stage process; key steps would involve:

1. Identification of risk events
2. Assessment of identified risk events basis Impact & likelihood of occurrence, identifying mitigating controls
3. Preparation of Risk Mitigation Plan
4. Monitoring, Reporting and periodic governance of identified risk events

Objectives must exist, before management can identify potential events affecting their achievement. Risk management ensures that management has in place a process to set objectives and that the chosen objectives support and align with the entity's mission and are consistent with its risk appetite. Objectives of the company can be broadly classified into;

- Strategic
- Operational
- Financial
- Compliance
- Reporting and Governance

In principle, risks always result as consequence of activities or as consequence of non-activities.

Risk Management and Risk Monitoring are important in recognizing and controlling risks. The entirety of enterprise risk management is monitored, and modifications made as necessary. Risk mitigation is an exercise aiming to reduce the loss or injury arising out of various risk exposures.

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

All the components existent within the organisation are interrelated and drive the enterprise in mitigating the Risk Management process with focus on four key elements, viz.

- (1) Risk Identification
- (2) Risk Assessment
- (3) Risk Management
- (4) Risk Monitoring

A. Identification of risk events

This involves, understanding the business, process flow and identification and segregating the risk events at Enterprise level pertaining to the related business processes.

At this step, detailed walk throughs would be done with process owners across all the business functions as well the support functions to identify potential risk areas, which may have a financial, reputational or operational impact.

Any other event, which has taken place in external environment, which is likely to impact organisation's functioning at an Enterprise level if gone wrong, such event will also be classified in the ERM framework.

B. Inherent and residual risk assessment

Risk assessment is a systematic process of identifying hazards and evaluating any associated risks within the organisation at Enterprise level, implementing reasonable control measures to remove or reduce them, develop a proper mitigation plan to prevent potential happenings of such events.

This stage involves, quantification of the identified risk events basis following:

- Assessment of inherent risk rating through likelihood and impact (Annexure) matrix across identified risk events
- Identifying controls and assessment of mitigating controls
- Assessment of residual risk
- Categorization of risk events basis residual risk rating (Annexure)

C. Analysis of variances basis residual risk categorization

This stage involves, variance analysis and establishing mitigating controls, involving:

- Identifying root cause of variances
- Establishing best policies, practices and standards for mitigating risk events

D. Monitoring and Reporting

The Company shall continue to have periodic review mechanism for monitoring of risk events and functional activities basis residual risk rating.

The Functional Heads or such other authorized persons by the Management shall be responsible for implementation of the risk management framework as may be applicable to their respective areas of functioning and shall periodically report to the Risk Management Committee.

The Company shall keep on continuously evaluating options for enhancing scope for strengthening the review mechanism under the guidance of risk management Committee.

While monitoring and reporting, the Company shall consider activities at all levels of the organization, viz., Enterprise level; Division level; Business Unit level; Subsidiary and Joint Venture level.

E. Business Continuity Plan

Business Continuity Plan (BCP) refers to the plan of continuing with the business as usual, irrespective of any unforeseen or unpredictable happening of an event, affecting the business

or process flow in general. Considering the business segment in which GTPL operates, business continuity plan is amore of a need especially in following areas:

Head end Assets: In case of Head end assets, protection of which is one of the most prime essential condition in case of any unforeseen event. Management has already in place a plan to function from an alternate geography in case of disruption to any Head end assets(s) at a particular geography.

Ex: In case of any disruption of services due to damage to head end assets at Mumbai, services may be resumed as usual by using the capacity of head end assets at say Bangalore.

Disruption to eco system during pandemic: In case of any disruption of services during pandemic, management have a plan to operate effectively from "Work from Home", thus without impacting Business as usual with proper information security cover.

Management keeps on continuously evaluating potential risk areas and mitigating same with appropriate plans, in case of any business interruption occurring due to such unforeseen events/happenings.

6. Review

This Policy shall be reviewed at least once in two years to ensure it meets the requirements of legislation and the needs of organization.

7. Amendment

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

8. Annexure

		Likelihood							
		1	2	3	4	5	6	7	8
		10-6 or lower	>10-6 to 10-5	>10-5 to 10-4	>10-4 to 10-3	>10-3 to 10-2	.01 to 0.1	.1 to 0.25	>.25
		Less than 1 in 10,00,000 chance	1 in 10,00,000 to 1 in 1,00,000 chance	1 in 1,00,000 to 1 in 10,000 chance	1 in 10,000 to 1 in 1,000 chance	1 in 1,000 to 1 in 100 chance	1 in 100 to 1 in 10 chance	1 in 10 to 1 in 4 chance	Greater than 1 in 4 chance
Impact	A								
	B								
	C								
	D								
	E								
	F								
	G								
	H								

- Probability (8 to 1 rating) – A risk is an event that "may" occur. The probability of it occurring can range anywhere from just above 1 percent to just below 100 percent. "8" being high and "1" being low.
- Impact (A to H rating) – A risk, by its very nature, always has a negative impact. However, the size of the impact varies in terms of financial loss or cost involved and impact on critical factors like brand image, public outrage, loss of license to operate, health, environmental damage, etc. "A" being high and "H" being low.

Level	Non-Financial					Financial (INR Cr)
	Media/Public Relation	License to Operate	Government / Key stakeholder reaction	Management	Accounting	GTPL
A	Public or investor outrage on a global scale	Threat of global loss of license to operate	Major intervention from Government of India, Irrevocable damage to relationships with key stakeholders of benefit to GTPL / Group companies	Long term diversion of Board and Executive management (mgmt) time to manage issue / event	External Auditors issue an adverse opinion on the published accounts.	80+
B	Public or investor outrage in major market – India	Loss of license to operate a major asset in a major market – India	Intervention from major Government – India. Damage to relationships with key stakeholders of benefit to Group	Long term diversion of Executive mgmt time to manage issue / event	External Auditors issue a qualified opinion on the published accounts.	50 – 80
C	Public or investor outrage in other material market where we have presence or aspiration	Loss of license to operate other material asset, or severe enforcement action against a major asset in a major market	Intervention from other major Government	Mid-term term Diversion of Executive mgmt time to manage issue / event	Material error in unpublished financial statements and adjustment required. Material weakness reported on Internal Financial Controls (IFC) by External Auditors.	30 – 50
D	Public or investor outrage in a non-major market, or Localized or	Severe enforcement action against a material asset in a non-major	Interventions from non-major Governments Damage to relationships	Short-term diversion of Executive mgmt time to manage issue / event	Error in published accounts, and restatement may be required. Tier 1 Significant	15 - 30

	limited "interest-group" outrage in a major market; Prolonged adverse national or international media attention; Widespread adverse social impact	market, or against other assets in a major market	with key stakeholders of benefit to the Segment		Control Deficiency with a potential impact of INR 20 - 325 crore to P&L, or a similar relative impact to Balance Sheet (BS) presentation, Other Comprehensive Income (OCI) or Financial Statement (FS) Disclosures, to be reported to the Board Audit Committee.	
E	Limited "interest-group" outrage in non-major market Short term adverse national or international media coverage	Other adverse enforcement action by regulators	Damage to relationships with key stakeholders of benefit to the SPU	Mid-term diversion of Senior mgmt. time to manage issue / event	Tier 2 Control Deficiency with a potential impact of INR 7 - 20 crore or more to P&L, or a similar relative impact to BS presentation, OCI or FS Disclosures, to be reported to the Business Risk and Assurance Committee.	5 - 15
F	Prolonged local media coverage; Local adverse social impact	Regulatory compliance issue which does not lead to regulatory or other higher severity level consequence	Damage to relationships with key stakeholders of benefit to the Performance Unit (PU)	Short-term diversion of Senior mgmt. time to manage issue / event	Tier 3 Control Deficiency with a potential impact of INR 1 - 7 crore or more to P&L, or a similar relative impact to BS presentation, OCI or FS Disclosures.	1 - 5
G	Short term local media coverage	Non-compliance with industry standards but no regulatory action taken	Some disruption to local operations (e.g. loss of single road access < 24 hours)	Mid-term diversion of Local mgmt. time to manage issue / event	Tier 4 Control Deficiency that does not meet with criteria of Tier 1, 2 or 3.	0.2 - 1
H	Isolated & short term complaints from neighbors (e.g. complaints About specific noise episode)	Non-compliance with standards that exceed industry norms	Minimal damage to relationships with local stakeholders or neighbors	Short-term diversion of Local mgmt. time to manage issue / event	Minor error or control deficiency such as control not documented or control operation not being sufficiently evidenced.	< 0.2

Level	Health and Safety	Environmental
A	<ul style="list-style-type: none"> - Comparable to the most catastrophic health/ safety incidents ever seen in industry. - The potential for 5 or more fatalities (or onset of life threatening health effects) shall always be classified at this level. 	<ul style="list-style-type: none"> - Future impact, e.g., unintended release, with widespread damage to any environment and which remains in an "unsatisfactory" state for a period >5 years. - Future impact with extensive damage to a sensitive environment and which remains in an "unsatisfactory" state for a period > 5 years. - Future impact with widespread damage to a sensitive environment and which can only be restored to a "satisfactory"/agreed state in a period of more than 1 and up to 5 years.
B	<ul style="list-style-type: none"> - Catastrophic health/ safety incident causing widespread fatalities due to GTPL's assets inside or outside of GTPL's premises. - The potential for 3 or more fatalities (or onset of life threatening health effects) shall always be classified at this level. 	<ul style="list-style-type: none"> - Future impact with extensive damage to a non-sensitive environment and which remains in an "unsatisfactory" state for a period > 5 years. - Future impact with extensive damage to a sensitive environment and which can only be restored to a "satisfactory"/agreed state in a period of more than 1 and up to 5 years. - Future impact with widespread damage to a non-sensitive environment and which can only be restored to a "satisfactory"/agreed state in a period of more than 1 and up to 5 years. - Future impact with widespread damage to a sensitive environment and which can be restored to an equivalent capability in a period of around 1 year.
C	<ul style="list-style-type: none"> - Catastrophic health/ safety incident causing widespread fatalities due to GTPL's assets inside or outside of GTPL's premises. - The potential for 2 or more fatalities (or onset of life threatening health effects) shall always be classified at this level. 	<ul style="list-style-type: none"> - Future impact with extensive damage to a non-sensitive environment and which can only be restored to a "satisfactory"/agreed state in a period of more than 1 and up to 5 years. - Future impact with widespread damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of around 1 year. - Future impact with extensive damage to a sensitive environment and which can be restored to an equivalent capability in a period of around 1 year.
D	<ul style="list-style-type: none"> - Very major health/ safety incident - The potential for 1 or more fatalities (or onset of life threatening health effects) shall always be classified at this level. - 5 or more injuries or health effects, either permanent or requiring hospital treatment for more than 24 hours. 	<ul style="list-style-type: none"> - Future impact with extensive damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of around 1 year. - Future impact with localized damage to a sensitive environment and which can be restored to an equivalent capability in a period of around year. - Future impact with widespread damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of months. - Future impact with extensive damage to a sensitive environment and which can be restored to an equivalent capability in a period of months.

Level	Health and Safety	Environmental
E	<ul style="list-style-type: none"> - Major health/ safety incident - 1 or more fatalities, acute or chronic, actual or alleged. - 3 or more injuries or health effects, either permanent or requiring hospital treatment for more than 24 hours. 	<ul style="list-style-type: none"> - Future impact with localized damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of around 1 year. - Future impact with extensive damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of months. - Future impact with localized damage to a sensitive environment and which can be restored to an equivalent capability in a period of months. - Future impact with extensive damage to a sensitive environment and which can be restored to an equivalent capability in a period of days or weeks.
F	<ul style="list-style-type: none"> - High impact health/ safety incident - Permanent partial disability(ies) - Several non-permanent injuries or health impacts. - Days Away From Work Case (DAFWC) 	<ul style="list-style-type: none"> - Future impact with localized damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of months. - Future impact with immediate area damage to a sensitive environment and which can be restored to an equivalent capability in a period of months. - Future impact with extensive damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of days or weeks. - Future impact with localized damage to a sensitive environment and which can be restored to an equivalent capability in a period days or weeks.
G	<ul style="list-style-type: none"> - Medium impact health/ safety incident - Single or multiple recordable injury or health effects from common source/event. 	<ul style="list-style-type: none"> - Future impact with immediate area damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of months. - Future impact with localized damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of days or weeks. - Future impact with immediate area damage to a sensitive environment and which can be restored to an equivalent capability in a period of days or weeks.
H	<ul style="list-style-type: none"> - Low impact health/ safety incident - First aid - Single or multiple over-exposures causing 	<ul style="list-style-type: none"> - Future impact with immediate area damage to a non-sensitive environment and which can be restored to an equivalent capability in a period of days or weeks.

Disclaimer

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks as risks associated with any business are subjective and are subject to change and depends heavily on external environment.

Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.
