Risk Management Framework

An effective risk management framework includes:

a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control.

b) A well constituted organization structure defining clearly roles and responsibilities of individuals involved in risk taking as well managing it. The structure should be such that it ensures effective monitoring and control over risks being taken.

c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed.

d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

Overview

The risk management framework described in this document broadly covers all aspects of Company's operations which may be categorized into following areas:

- Fund management: recoveries of receivables, interest rate movements, liquidity issues, credit risk, etc.;

- Print Media Operations: Circulation, distribution, fraud, failure of printing systems and infrastructure;

- Electronic Media Operations: Errors or omissions in Airing programs, distribution, failure of critical systems and infrastructure;

- Marketing and distribution: New product development, selling and distribution, free distribution;

- Other business risks: Critical knowledge loss, skills shortage, non-compliance, third party risks;

Risk management measures have been described for the above mentioned areas across three dimensions: policies and procedures, systems, and organization. Additionally, measures for specific risks in each area have also been described.

Policies and Procedures

Risk management is most effective when it follows a top-down approach. In this approach, the senior management of MTL is the center of power and responsibility.

Based on various factors like the risk appetite and business strategy of the organization, the philosophy regarding risk should be developed. This philosophy should then be transmitted throughout the organization in the form of concrete and detailed policies, procedures and guidelines. The policy and procedures documents should build a framework for the effective and efficient management of MTL and should include:

- Operating procedures

- Compliance manual

- Code of conduct

- Disaster recovery and business contingency plan

- Reporting framework

Systems

The establishment of an enterprise-wise integrated systems architecture will substantially reduce operational risk. The systems of MTL shall include the following applications:

- Integrated systems for new papers distribution, circulation, disposal of residual copies;

- System for distribution of electronic media content.

Systems should ideally be integrated and developed using open platform architecture. They should facilitate straight-through processing and also be capable of generating the necessary reports to monitor and manage risks.

Organization

MTL shall take into account the following risk management principles:

- Segregation of Print Media and Electronic Media systems in MTL;

- Independent verification of data input;

- Development of a second line for key positions;

- Establishment of audit/compliance/risk management function.

The responsibility of understanding the risks run by MTL and ensuring that they are appropriately managed ultimately rests with the BOD. The BOD must approve all the risk management and should delegate to the management the responsibility of the day-to-day execution of these policies.

\Other Business Risks Management Policies

- MTL has document Human Resources (HR) policies and procedures. The policies and procedures shall address issues such as:

i) Attracting and retaining key skilled staff;

ii) Succession planning;

iii) Career development plan;

iv) Training plan to equip new employees with relevant skills and to update skills of existing employees; training could be delivered in-house or through external institutions;

- MTL shall have qualified HR and administration staff with a sound knowledge of HR.

- MTL shall have documented HR policies and procedures addressing issues such as attracting and retaining key skilled staff. Incentives such as stock options, performance bonuses and competitive salaries shall be considered.

- MTL shall have well documented policies and procedures.

- The HR plan shall aim to identify and build a second line for key positions.

- MTL shall have a training plan for employees to update their existing skills and equip them with new skills. The training plan shall identify both in-house and external institutions training requirements.

- MTL shall ideally have a dedicated knowledge management function within the organization to disseminate knowledge on new products, markets and developments.

This function shall maintain links to important information sources relevant for the industry.

- MTL shall ensure that adequate internal controls are in place to prevent fraudulent behavior.

- MTL shall establish clear control mechanisms and transparency rules to ensure compliance with duties of loyalty and fulfillment of fiduciary responsibilities.

- MTL shall monitor employees for their own businesses to avoid a conflict of interest.

- MTL shall clearly and fully disclose any potential conflicts of interests, if they cannot be avoided.

Implementation of the Risk Management System

MTL follows the following step-by-step approach to implement the risk management system.

Identification of deviation from defined procedures

MTL identifies areas of current adherence as well as non-adherence of various risk management practices under each of the aforesaid three categories. It examines the areas where development or improvement of systems is required. After identifying the same, MTL reviews the progress made on implementation of the systems on a regular basis and place the progress report in periodical meetings of BOD. MTL ensures full compliance of all the risk management practices within a period of six months.

Review of Progress of implementation

Board of MTL shall review the progress made by their mutual funds with regard to risk management practices.

Review by Internal Auditors

After full implementation of the risk management system, it shall be made a part of internal audit and the auditors shall check on a constant basis about the adequacy of risk management systems.

Risk Management Activities

**Procedures**

Consistent with the objective of MTL, the Board of Directors and the management of the Company shall ensure the smooth functioning of Print and Electronic Media activities. The Board of Directors and Management of the Company will continuously monitor the media environment, trend of readers and viewers.

**Financial Risk and mitigation;**

* CFO and Group Director finance shall be responsible for identification of potential financial risk and its mitigation;

**Operational Risk and mitigation;**

* Managing Director / Chief Operating Officer shall be responsible for identification of potential Operational risk and its mitigation;

**Compliance related and legal Risk and mitigation;**

* Chief Compliance Officer, shall be responsible for identification of potential regulatory or legal risk and its mitigation;

**Potential and strategic Risk and mitigation;**

* Chief Executive Officer shall be responsible for overall risk management and highlighting the potential strategic risks to the Board of Directors.

**Circulation Restrictions**

MTL shall not enter into transactions with any Media Operator beyond the limits fixed by the management.

Risk Management and Controls

MTL and its Board of Directors shall be responsible for the effective management of any risks arising from delegation of functions and shall to the minimum ensure the following:

a. Comprehensive due diligence of the nature, scope and complexity of the delegation of functions to identify key risks along with risk mitigation strategies;

b. Delegation is consistent with the overall business strategy and objectives of MTL;

c. Periodic reviews of delegation arrangements and identification of new material outsourcing risks which arise or may arise;

d. Analysis of the impact of the arrangement on the overall risk profile of MTL, and whether adequate internal expertise and resources are available to mitigate the risks identified; and

e. Analysis of the potential benefits of delegation against the weaknesses that may arise, including the impact of disruption or unexpected termination of the delegated services.

11. MTL shall put in place adequate procedures to monitor and maintain overall control of the delegation arrangement in accordance with its Board's approved policy and ensure performance of MTL's primary obligation for the functions that are delegated.

12. MTL shall ensure that its internal audit function conducts regular review of the functions performed by the Service Provider to ensure the continuous quality and integrity of the delegated functions.

13. MTL shall have in place a contingency plan, approved by its board of directors, to mitigate any adverse impact arising from the discontinuity and disruption to the delegated function(s) in the event the service level agreement or part thereof is terminated, or the function cannot be performed by the service provider for any reason whatsoever. Such plan shall specifically cover detailed review of alternatives (i.e. whether MTL will perform the function itself or appoint a new service provider).