Enterprise risk management solutions

August 2025

Enterprise risk management (ERM) offers a structured approach to identifying, assessing, and managing the risks and opportunities that could impact an organisation's ability to meet its objectives. It enables organisations to anticipate uncertainty, minimise threats, and capitalise on opportunities in a proactive and integrated manner.

Leading global frameworks add further depth to this concept. The Institute of Internal Auditors (IIA) describes ERM as an ongoing process for identifying, assessing, and responding to potential risks and opportunities that influence overall organisational performance. ISO 31000 refers to it as a coordinated process of managing uncertainties that may hinder strategic success. Introduced in 2009, the standard defines risk management as the architecture deployed to manage risk, which encompasses risk management principles, risk management framework, and risk management process.

Applicability of ERM in India

Having an ERM framework is not a statutory requirement in India. However, the Companies Act, 2013 outlines certain expectations regarding risk management. Additionally, under the SEBI (LODR) Regulations, 2015, the board and audit committee are entrusted with the responsibility of assessing the robustness of an organisation's risk management policy, processes, and systems.

Companies Act, 2013

- **Section 26:** A prospectus must disclose the management's perception of risk factors specific to the project.
- **Section 134:** The Board's report must include a statement on the company's risk management policy, identifying any risks that could jeopardise its existence.
- **Section 177:** The audit committee is responsible for evaluating internal financial controls and risk management systems.
- **Schedule IV - Code for Independent Directors:** Independent Directors contribute independent judgment on key governance issues, including risk management. They must ensure financial integrity and robust risk management systems within the company.

SEBI (LODR) Regulations, 2021

- **Regulation 21:** The top 1000 listed entities must confirm compliance with risk committee requirements in their quarterly corporate governance report. This includes specifics on the formation, meetings, quorum, roles, powers, and disclosures related to the risk management committee (RMC).
- **Part D of Schedule II - SEBI (LODR):** Listed entities must formulate a detailed risk management policy covering risk mitigation measures, internal control systems, business continuity plans, and frameworks for identifying various risks, such as financial, operational, sectoral, environmental, social, and governance (ESG), and cybersecurity.

Importance of the ERM framework

Holistic risk management

Ensures that risks across all departments are considered rather than being managed in silos.

Improved decision-making

Enables organisations to make better decisions by clearly weighing risks against opportunities.

Regulatory compliance

Helps meet legal and regulatory requirements.

Financial stability

Allows organisations to identify potential financial risks in advance, helping minimise the chances of unforeseen losses.

Enhanced reputation

Signals stability and trustworthiness to investors and stakeholders by strengthening risk management practices.

Business continuity

Includes contingency planning to ensure operations can continue smoothly in case of disruptions.

How Grant Thornton Bharat can help

We provide comprehensive support to organisations in assessing and enhancing their frameworks. Our expertise includes identifying key risks, prioritising them, and recommending tailored mitigation strategies.

Our team of seasoned professionals leverages industry-leading best practices to assist organisations in developing robust risk management policies and structured reporting frameworks to strengthen financial governance.

- Establish a unified vision for risk management to ensure alignment in priorities framework
- Encourage innovative risk thinking to anticipate evolving risks through structured brainstorming sessions and proactive scenario planning
- Develop a comprehensive risk communication strategy to ensure that employees are aware of their responsibilities and receive timely instructions when risks arise
- Define clear roles and responsibilities to minimise gaps, strengthen accountability, and enhance coordination in responding to potential threats
- Enhance ERM agility and adaptability through regular reviews, risk recategorisation, and implementation of adaptive protocols
- Facilitate continuous risk monitoring for swift detection and mitigation of critical threats

For more details, contact:

Aashish Gupta

Partner, Risk Optimisation
Grant Thornton Bharat
E: Aashish.g@in.gt.com

Prateek Aggarwal

Partner, Risk Optimisation
Grant Thornton Bharat
E: prateek.aggarwal@in.gt.com

We are
Shaping Vibrant Bharat

A member of Grant Thornton International Ltd., Grant Thornton Bharat is at the forefront of helping reshape the values in the profession. We are helping shape various industry ecosystems through our work across Assurance, Tax, Risk, Transactions, Technology and Consulting, and are going beyond to shape a more **#VibrantBharat.**

Our offices in India

- Ahmedabad
- Bengaluru
- Chandigarh
- Chennai
- Dehradun
- Gandhinagar
- Goa
- Gurugram
- Hyderabad
- Indore
- Kochi
- Kolkata
- Mumbai
- New Delhi
- Noida
- Pune

Scan QR code to see our office addresses

www.grantthornton.in

Connect with us on

@Grant-Thornton-Bharat-LLP

@GrantThorntonBharat

@GrantThornton_Bharat

@GrantThorntonIN

@GrantThorntonBharatLLP

GTBharat@in.gt.com