

ABHISHEK INFRA VENTURES LIMITED

RISK MANAGEMENT POLICY

Background and Context Applicability:

Business constantly involves taking calculated risks with a view to maximize shareholder wealth while being a good/ responsible corporate citizen for the society and environment alike. The Board of Directors and the management, in their fiduciary capacity, are expected to ensure that uncertainties impacting the Company's strategies, objectives and goals are identified and adequate proactive steps taken to ensure sustainable growth.

Recent changes in regulations have attempted to formalize this role of the management and Board of Directors and prescribed the role of the Boards, the structure and composition of the apex body in the Company to address risks followed with necessary disclosure requirements.

Key Compliance Requirements and Legal Framework:

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organization. The new Companies Act, 2013 and SEBI (LODR) Regulations, 2015, have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of **Section 134(3)(n) of the Companies Act, 2013** necessitate that the Board's Report should contain 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. Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems. In line with the above requirements, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company.

Key Definitions:

"Risk" is the effect of uncertainty on objectives and Risk Management is the coordinated activities to direct and control an organization with regard to risk.

The Company recognizes that risk is an integral and inevitable part of business and is fully committed to managing the risks in a proactive and efficient manner. The Company has a disciplined process for continuously assessing risks, in the internal and external environment, along with the cost of minimizing the impact of risks and incorporates risk mitigation plans in its strategy and business/ operational plans.

The Company, through its risk management process, strives to contain and minimize the negative effect of an uncertainty within the risk appetite as agreed from time to time with the Board of Directors and strives to capitalize on the positive effect of any uncertainty. The Company realizes that some variables in the external environment may not be fully controllable.

The Company treats risks by either eliminating/ reducing the likelihood and/ or impact of its occurrence, transfer/ share the risks if possible or avoid the risks. In doing so the Company consciously balances the cost and benefits of the risk treatment options and also the business opportunity in taking a particular risk.

- **Risk Assessment –**

The systematic process of identifying and analysing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

- **Risk Management –**

The systematic way of protecting business resources and income against loss so that the objectives of the Company can be achieved without unnecessary interruption.

- **Risk Management Process -**

The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risk.

Purpose and Scope of the 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 Company's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the company's risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

Risk Management and key Activities:

Risk management, by and large involves reviewing the operations of the organization followed by identifying potential threats to the organization including cyber security and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

The basic activities in any risk management system are.

- Risk identification.
- Risk assessment.
- Risk control.

Each of the risk needs to be assessed by the enterprise for its impact on profit and cash flow. Likelihood of occurrence and scope for mitigation or reduction including those relating to cyber security.

The risks, which the Company may be exposed to, are classified broadly in the following categories:

a) Business Risk

Business risk is impacted by several factors such as demand sales volume, per-unit price, input costs, competition, overall economic climate and government regulations. The risk exists when the company has lower than anticipated profits, or experiences a loss rather than a profit.

b) Financial Risk

The risk that exists when the Company's cash flows are not enough to pay creditors and fulfill other financial responsibilities. The more debt a Company owes, the more likely it is to default on its financial obligations. Taking on higher levels of debt or financial liability therefore increases a Company's level of financial risk.

c) Foreign exchange risk

The risk that exists when a financial transaction is denominated in a currency that is different from the base currency of the Company. There may be an adverse movement in the exchange rate of the denomination currency in relation to the base currency before the date of completion of the transaction.

d) Contractual risk

The risk assessment to be carried out before the Company enters into contract and stipulate such terms in the agreement that will ensure that the contracting party has adequately protected the Company against the threat of financial loss. Its application can reduce the potential risk and financial consequences arising from the negligent acts of others while commercial activity is carried out for the contracting party.

e) Asset Protection Strategy

It is a strategy used for protecting assets of the Company from civil money judgments, natural calamities and strife and other causes of unrest.

Composition of Risk Management Committee shall be as mentioned below, wherever it is applicable and otherwise the Risk Management shall be directly dealt with by the Board.

1. Risk Management Committee will be of All Working Directors, One Member from Technical Experts, one Member from Finance and Company Secretary who will be convener of the meeting.
2. The Chairman of the Committee will be elected from the members.
3. The Risk Management Committee will meet at least Once in a year.
4. The Risk Management Policies are based on philosophy of achieving substantial growth while mitigating and managing risks involved.

Scope of Risk Management Committee: The Risk Management Committee formed by the Board of Directors, is bound by the charter drawn up by the Board of Directors of the Company which lays down the rights, duties and responsibilities of the Risk Management Committee. The Risk Management Committee is inter alia responsible for oversight of the overall risk management process of the Company and to ensure that key strategic and business risk are identified and addressed by the management. Specifically, RMC is concerned with the identification of internal and external risks faced by the Company, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks, business continuity or any other risk, as may be identified from time to time and ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

Compliance and Control:

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organization's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

Review:

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.

Amendment:

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