

Abhishek Infraventures Limited

Risk Management Policy under Companies Act, 2013

Background and Context Applicability:

Enterprise risk management was not mandatory according to the Companies Act 1956. However, as per the new law, there are specific requirements that a company needs to comply with. In addition, the board and audit committee have been vested with specific responsibilities in assessing the robustness of risk management policy, process and systems.

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 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 losses 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.

- (I) Risk identification.
- (II) Risk assessment.
- (III) 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.

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.

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.