



RISK MANAGEMENT POLICY

The Board of Directors adopted the meeting held on 26th March, 2015 [Section 134 of the Companies Act, 2013 read with clause 52]

1) Introduction

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organization continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

2) Risk Management

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Effective Risk Management Requires:

- ✓ A Strategic Focus
- ✓ Forward thinking and active approaches to management
- ✓ Balance between the cost of managing risk and the anticipated benefits, and
- ✓ Contingency planning in the event that critical threats are realized.

3) 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:

- ✓ 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.

4) Applicability

This Policy applies to all areas of the Company's operations.

5) Key Definitions

Risk Assessment

The systematic process of identifying and analyzing 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.

6) Risk Management framework

The key elements of the framework include a risk management strategy, risk management structure, and risk portfolio management. The implementation of the framework is supported through criteria for risk assessment and categorization, a risk escalation matrix, risk forms and MIS.

Risk Management Strategy

Anubhav Infrastructure Limited recognizes 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 involving risk mitigation/ optimization by appropriate insurance cover.
- ✓ Avoided, by not entering into risky businesses.
- ✓ Reduced, by having adequate internal controls.
- ✓ Retained, 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.

Risk Management Structure

The Company has a formal risk management structure with defined roles and responsibilities.

- ✓ **Audit Committee:** The Audit Committee ordinarily reviews risk management on regular basis. The Audit Committee monitors the progress of risk management initiatives and updates the Board of Directors with respect to changes in the Company's key risk portfolio.
- ✓ **Senior Management:** Senior Management (Managing / Whole-time Director(s), CFO is responsible for broadening and strengthening the Company's risk management.

Risk Portfolio Management:

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.

The Risk Portfolio Management cycle begins with risk identification; followed by risk assessment, risk categorization and finally the recording of risks in the risk registers.

Risk Management Cycle

- ✓ **Risk Identification:** Risk identification involves identifying potentials events that may have an adverse impact on the achievement of business objectives. The process of risk identification involves an understanding of the objectives of the Company and strategies adopted to achieve the same as well as potential events, past events and trends and possible future exposures.
- ✓ **Risk assessment:** Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed. Risk assessment involves the quantification of the impact of risks to determine potential severity and a probability of occurrence. Inherent as well as residual risks are considered in the process of risk assessment.
- ✓ **Risk Categorization:** Risk categorization assists in the assessment and prioritization of risk. The Company categorizes risks into the following categories:
 - Strategy Risk.
 - Operational Risk.
 - Financial Risk.
 - Legal, regulatory and compliance risk.
 - Human resources risk.
 - Technology and information system risk.
- ✓ **Risk Recording:** Risk recording is done to record identified risks and related information in a structured manner. The risk register contain the following information with respect to each identified risk: risk description, risk owner, root causes, risk category, inherent risk evaluation, controls to mitigate the risk, residual risk category, inherent risk evaluation, controls to mitigate the risk, residual risk evaluation, action plan, owner, timeliness and status of action plans.

7) Risk Management Process

The Key Elements of the Risk Management Process are as follows:

- Establish the Context
- Identify Risks
- Analyse Risks
- Evaluate Risks
- Treat Risks
- Monitor and Review
- Communicate and Consult



8) Responsibility For Risk Management

Generally every staff member of the Organization is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

9) 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

10) Supporting Documents

The members of audit committee will ensure adequate support documents are developed for use by staff in support of this policy. These documents include a risk register that records all identified risks, a risk management action plan that identifies actions to be taken to mitigate risks and a risk management framework that outlines the entire framework within Council for risk management.

11) Review

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