



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.