



**ABHISHEK
CORPORATION**

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**RISK MANAGEMENT POLICY
OF
ABHISHEK CORPORATION
LIMITED**



1

Abhishek Corporation Limited
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**MOHITE
GROUP**

❖ INTRODUCTION:-

Risk management in a business environment is attempting to identify and then manage threats that could severely impact or bring down the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence and then taking appropriate actions to address the most likely threats.

❖ PURPOSE & SCOPE:-

This policy establishes the process for the management of risks faced by Abhishek Corporation Limited. The aim of risk management is to maximize opportunities in all activities and to minimise adversity. This policy applies to all activities and processes associated with the normal operations of Company . Effective risk management allows the Company to:

- embed the management of risk as an integral part of its business processes;
- establish an effective system of risk identification, analysis, evaluation and treatment within all areas and all levels;
- Make informed decisions
- avoid exposure to significant reputational or financial loss;
- assess the benefits and costs of implementation of available options and controls to manage risk.
- Have increased confidence in achieving its goals
- Strengthen corporate governance procedures.

❖ LEGAL FRAMEWORK:-

1.Provisions of Section 134(3) of Companies Act 2013:

There shall be attached to financial statement laid before a company in general meeting, a report by its Board of Directors, which shall include:



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.

2. Provisions of the Section 177(4) of Companies Act 2013:

Every Audit Committee shall act in accordance with terms of reference specified in writing by the Board which shall, inter alia, include,-

Evaluation of internal financial controls and risk management systems.

3. Schedule IV (Section 149(8))- Code of Independent Directors :

Role and functions :

The independent director shall:

Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management , resources, Key appointments and standards of conduct.

❖ OBJECTIVES OF POLICY:-

The prime objective of the Risk Management would be protection of Shareholders Value by ensuring overall risk in within the acceptable level. 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 business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

❖ PRINCIPLES:-

Risk management is a key governance and management function. Abhishek Corporation Limited is proactive in its approach to risk management, balances the cost of managing risk with anticipated benefits, and undertakes contingency planning in the event that critical risks are



realised. Company has the primary duty to ensure the health and safety of workers and other persons at the workplace. A duty to ensure health and safety requires to manage risks:

- by eliminating health and safety risks so far as is reasonably practicable; and
- if it is not reasonably practicable to eliminate the risks, by minimising those risks so far as is reasonably practicable.

Deciding what is 'reasonably practicable' to protect people from harm requires weighing up certain matters, including the likelihood of a hazard or risk occurring and the degree of harm that would result, and then making a judgment about what is reasonable in the circumstances.

Effective risk management involves:

- A commitment to health and safety from the Board of Directors.
- The involvement and cooperation of Company's workers.

❖ **APPLICABILITY:-**

This Policy applies to all activities and processes associated with Company's all and normal operations.

❖ **CONSTITUTION OF RISK MANAGEMENT COMMITTEE:-**

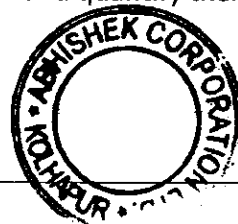
Risk Management Committee shall be constituted by the Company consisting of such number of directors (executive or non-executive) as the Company thinks fit. The Board shall define the roles & responsibilities of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

❖ **PROCESS OF RISK MANAGEMENT :-**

Basic steps in Risk Management process are as follows:

Step 1: Identify the Risk.

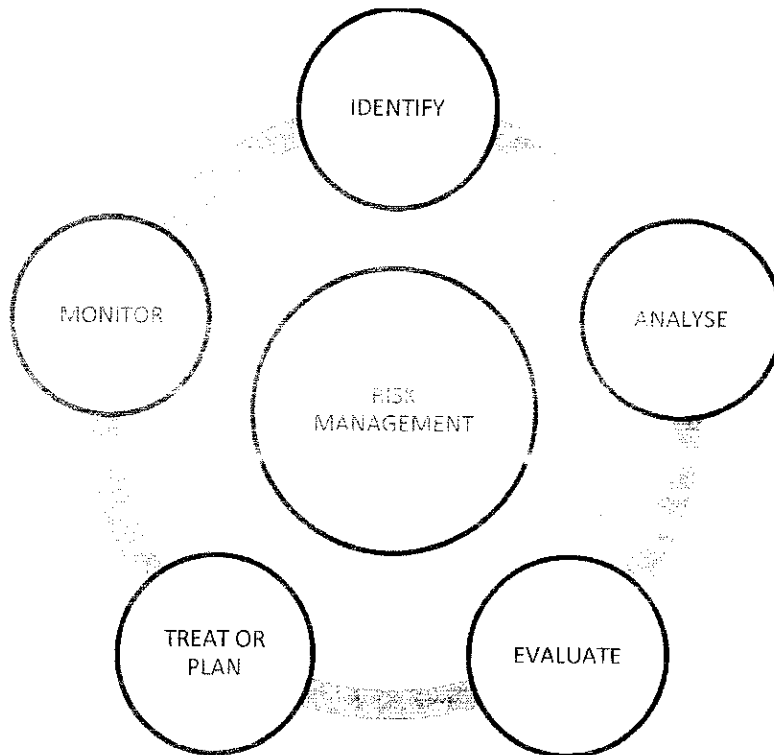
The Management mandates that they identifying, measuring, mitigating, monitoring and reporting all risks. It should analyze risks in sufficient depth and quantify them as far as possible



by assessing the probability of occurrence and the potential impact. it needs to Obtain high quality information (from experts/secondary sources, if required) for the assessment of these risks.

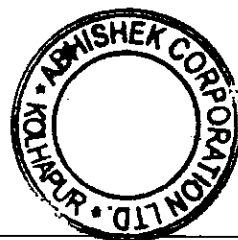
Step 2: Analyze the risk.

Once risks are identified it helps to determine the likelihood and consequence of each risk. It develop an understanding of the nature of the risk and its potential to affect project goals and objectives.



Step 3: Evaluate or Rank the Risk.

To evaluate or rank the risk by determining the risk magnitude, which is the combination of likelihood and consequence. It make decisions about whether the risk is acceptable or whether it is serious enough to warrant treatment.



Step 4: Treat the Risk

This is also referred to as Risk Response Planning. During this step it assess the highest ranked risks and set out a plan to treat or modify these risks to achieve acceptable risk levels. Here it creates risk mitigation strategies, preventive plans and contingency plans in this step.

Step 5: Monitor and Review the risk

The Risk Management Committee should regularly provide updates to the Chairman on; Key Group level risks; Potential impact of these risks, with comparison from the past & Initiatives taken up/Progress on initiatives taken up to mitigate these risks.

❖ DISCLOSURE IN BOARD'S REPORT:-

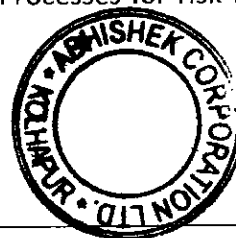
Board of Directors shall include a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

❖ RESPONSIBILITY & ACCOUNTABILITY

1. Risk Management Committee

The Risk Management Committee should be responsible for providing central co-ordination and independent oversight for managing the Company's risk. Risk Management Committee shall focus on the Company's Risk Policies, Risk Measurement Techniques and Risk Management Practices in a consultative manner. The Risk Management Committee would provide assurance to the management of adherence to the Risk Policy, and all the Risk management process by the Business Units. The Risk Management Committee would also periodically update the management of the key Group level risks, their potential impact and mitigation measures to contain them.

The Risk Management Committee would also be responsible for supporting the development and implementation of appropriate Procedures, Systems and Processes for risk management.



Risk Management Committee would be responsible for building capabilities for all Business heads, and communicating their responsibilities under this Policy.

2. Chairman & Managing Director

The Chairman and the Managing Director are accountable to the Companies and have overall and ultimate responsibility as the 'Accountable Officer' for protecting the Company from unacceptable costs or losses associated with its operations, and for developing and implementing systems for effectively managing the risks that may affect the achievement of objectives and optional outcomes. Part of this responsibility includes determining the level of risk, which is acceptable to the Company, and ensuring that all structures, process and people in the Company work well to manage key risks.

3. Executive, Senior Management & Business Heads

The effectiveness of risk management is unavoidably linked to management competence, commitment and integrity, all of which forms the basis of sound Corporate Governance. Corporate Governance provides a systematic framework within which the Executive Management group can discharge their duties in managing the Company. Executive, Senior Management & Business heads, are responsible for:-

- Providing direction and guidance within their areas of accountability so that subordinates best utilize their abilities in the preservation of the Company's resources,
- Successfully promoting, sponsoring and coordinating the development of a risk management culture throughout the Company,
- Guiding the inclusion of risk management in all strategic and operational decision making,
- Possessing a clear profile of major risks within their area of control incorporating both opportunity and negative risks,
- Maintaining a framework to manage, monitor and report risk,
- Managing risks to meet Company objectives, goals and vision and,
- Improving Corporate Governance.



4. All Employees

All employees are responsible for:-

- Acting at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace
- Providing direction and training to persons for whom they have a supervisory responsibility or duty of care provision relating to health and safety,
- Identifying areas where risk management practices should be adopted and are to advise their supervisors accordingly,
- Meeting their obligations under relevant legislation including Workplace Health and Safety, Equal Employment Opportunity and Anti-Discrimination and,
- Taking all practical steps to minimize the Company's exposure to contractual, tortuous and professional liability.

5. Internal Auditors

The internal audit function will support Company risk management through periodic independent review of risk management practices and procedures to provide assurance on their efficiency. They would play an important role in monitoring risk, but would not have primary responsibility for its design, implementation or maintenance. They would assist the Risk Management Committee by auditing the adherence to control systems, and their effectiveness. They would also flag off any new risks that may emerge during the internal audit reviews.

❖ APPROVAL AND REVIEW THE POLICY :-

The audit Committee will review and evaluate the progress of risk Management Policy from time to time and update the Board on deviations, if any. The Board will be the approving authority for the company's overall Risk Management System. The Board will, therefore, monitor the compliance and approve the Risk Management Policy and any amendments thereto from time to time. The policy will be the guiding document for risk management of the



Company and will be reviewed as and when required due to the changes in the risk management regulations/ standards/ best practices as appropriate. In any case, the policy will be regularly reviewed during periodical intervals.

