



# AGARWAL INDUSTRIAL CORPORATION LTD.

- Petrochemicals [ Manufacturers of Bitumen and Bituminous Products]
- Logistics for Bitumen & LPG • Wind Mills.

**Registered Office :** "Eastern Court", Unit No. 201 / 202, Plot No. 12, V. N. Purav Marg, S. T. Road, Chembur, Mumbai - 400 071.

Tel.: +91-22- 25291149 / 50 • Fax : +91-22- 25291147

E-mail : agarwalgroup101@gmail.com, r.bhalla@aicltd.in, sales@agarwalgroup.com

Website : www.aicltd.in

CIN NO.: L99999MH1995PLC084618



## AGARWAL INDUSTRIAL CORPORATION LIMITED [CIN: L99999MH1995PLC084618]

### **Risk Management Policy**

#### Background

This document lays down the framework of Risk Management at **Agarwal Industrial Corporation Limited**

Risk Management Policy shall be exercised under the authority of the Board of Directors/ Risk Management Committee constituted by the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

#### Legal Framework

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

#### Definition of Risk

The term, "Risk" does not find any specific definition under the Act. However, as per Business Dictionary ([www.businessdictionary.com](http://www.businessdictionary.com)), risk can be defined as a probability or threat of

**Belgaum Office :** Plot No. 40, KIADB Industrial Area, Honaga, Belgaum - 591113 • Telefax : 0831 - 2414670

**Hyderabad Office :** Survey No. 196 / P, Elikatta, Farooq Mandal, Mahbub Nagar, Pargi Road, Hyderabad - 509410 • Mob.: 08008307700 / 33

**Baroda Office :** Plot No.1314, GIDC, Ranoli Industrial Area, Dist : BARODA-391350. Tel.: 0265-2240664/2308706 • Fax : 0265-2240264 • E-mail : kkg@agarwalgroup.com

**Jodhpur Office :** G-1/80 New Jodhpur Industrial Area, Opp IOCL Depot, JODHPUR-342003. • Tel.: 2744244 • Fax : 0291-2742859 • E-mail : ipo@agarwalgroup.com



damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through pre-emptive action.

#### Type of Risks for Company

Generally, risks are categorized under three heads- Critical, Cautionary and Acceptable. At AICL, as there are no critical risks involved. Cautionary and acceptable risks which are related to infrastructure industry, back to back payments from contractors and seasonal nature of the business are the only probable risks and the Risk Management Policy and Risk Management Framework have been developed by keeping in view these factors.

#### 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 review the Risk Management Policy/ Plan and its development within the Company.
- To monitor the Risk Management Policy / Plan.
- To decide the maximum risk taking ability of the Company to guide the Board in making new investments.
- To work out methodology for managing and mitigating the risks.
- 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.

#### Implementation of the Policy & Risk Management Committee

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 and for this, the Board of directors, shall constitute a Risk Management Committee comprising of such number of Directors in accordance with relevant provisions of the Act / Rules/ Regulations/ Guidelines as the case may be.

#### Review

The policy shall be reviewed from time to time to ensure that it complies fully within the legislation.

#### Amendment

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

S/d

Place: Mumbai

Managing Director