

POLICY ON RISK MANAGEMENT

RISK MANAGEMENT POLICY

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INTRODUCTION

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the activities of Arunis Abode Limited (the Company). Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. Risk management, by and large involves reviewing the operations of the organization, followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

1. OBJECTIVE OF POLICY

The Company is prone to inherent business risks. 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.

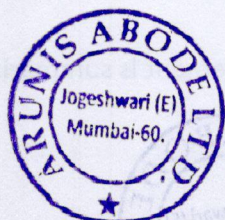
This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

This policy is in line to lay down the procedures for risk assessment and risk minimization by the Company.

2. DEFINITIONS

"Audit Committee" means a Committee of the Board of Directors of the Company constituted in accordance with the provisions of Section 177 of the Companies Act, 2013

"Board" means Board of Directors of the Company



A. Identification of risks

To ensure key risks are identified, the Company:

- defines the risks in context of the Company's strategy;
- documents risk profiles, including a description of the material risks; and
- regularly reviews and updates the risk profiles.

The Company's Risk Profile is summarised below.

B. Assessment of risks

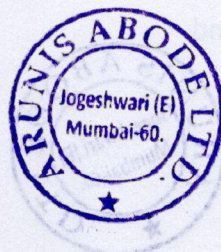
The Risk assessment methodology shall include:

- collection of information;
- identification of major risks;
- rating of each risk on the basis of:
 - Consequence
 - Exposure
 - Probability
- prioritisation of risks;
- function-wise exercise on risk identification, risk rating, control; and
- function-wise setting the level of responsibility and accountability.

C. Measurement and control

Identified risks are then analysed and the manner in which the risks are to be managed and controlled are then determined and agreed. The generally accepted options are;

- accepting the risk (where it is assessed the risk is acceptable and where avoiding the risk presents a greater risk through lost opportunity);
- managing the risk (through controls and procedures);
- avoiding the risk (through stopping the activity);
- transferring the risk (through outsourcing arrangements); and
- financing the risk (through insurance arrangements).



- Inadequate or failed internal processes, people and systems for running a particular business.

6.4 Investment Risks

- Failure to provide expected returns for defined objectives and risk such as underperforming to the stated objectives and/or benchmarks.

6.5 People's Risk

- Inability to attract and retain quality people;
- Inadequate succession planning;
- Inappropriate work culture and ethics;
- Inefficient whistle blower mechanism; and
- Inappropriate policy for woman safety at work place.

6.6 Legal and Regulatory Risks

- Legal / Commercial rights and obligations are not clearly defined or misunderstood; and
- Commercial interests not adequately protected by legal agreements.

6.7 Information Systems

- Temporary failure of Hardware / software and / or Power.

6.8 Compliance Risks

- Non conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

7. GOVERNANCE STRUCTURE

- The Company's Risk Management Framework is supported by the Board of Directors, Management and the Audit Committee.



- When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks; and
- Reporting to the Board of Directors consolidated risks and mitigation strategies on a half yearly basis.

7.3 Audit Committee

- The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company;
- The Committee shall be responsible for evaluation of risk management systems; and
- The Committee is responsible for monitoring overall compliance with the laws and regulations.

8. REVIEW OF THE POLICY

The Board will review this Policy from time to time to ensure it remains consistent with the Board's objectives and responsibilities.

9. AMENDMENT

Any change in the Policy shall be approved by the Board of Directors of the Company.

