



RISK MANAGEMENT POLICY

ANJANI PORTLAND CEMENT LIMITED

INTRODUCTION:

In accordance with Section 134(3)(n) of the Companies Act, 2013, a company is required to 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 and further as per Regulation 17 of the SEBI (LODR) Regulations, the board of directors shall be responsible for framing, implementing and monitoring the Risk management plan for the listed entity.

Furthermore, as per the Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, have incorporated various provisions in relation to Risk Management policy, procedure and practices.

Accordingly, to mitigate and manage risk at “Anjani Portland Cement Limited” (hereinafter referred to as the “Company”), the Company has formed the policy (the “Risk management Policy”) for the same. This document shall be under the authority of the Board of Directors of the Company.

This policy seeks to identify risks inherent in the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

OBJECTIVE:

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 and to create and protect shareholders’ value by minimizing threats or losses, and identifying and maximizing opportunities. 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. These include:

1. Providing a framework, that enables future activities in a consistent and controlled manner;
2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
3. Contributing towards more efficient use/ allocation of the resources within the organization;
4. Protecting and enhancing assets and company image;
5. Reducing volatility in various areas of the business;
6. Developing and supporting people and knowledge base of the organization;
7. Optimizing operational efficiency.

DEFINITIONS

"Board of Directors" or “Board” in relation to a Company, means the collective body of Directors of the Company. (Section 2(10) of the Companies Act, 2013).

“Audit Committee” means Committee of Board of Directors of the Company constituted under the provisions of Companies Act, 2013.

“Risk Management Committee” means Committee of Board of Directors of the Company constituted under the provisions of SEBI LODR.

"Policy" means Risk Management Policy.

APPLICABILITY:

This policy shall apply across all locations of the company including its operations and all support functions.

RISK GOVERNANCE:

An organization’s ability to conduct effective risk management is dependent upon having an appropriate risk governance structure and well-defined roles and responsibilities. Risk governance signifies the way the business and affairs of an entity are directed and managed by its Board and executive management.

RISK MANAGEMENT FRAMEWORK:

The risk management committee formed by the Board shall periodically review the risk assessment and management policy of the Company and evaluate the risk management systems so that management controls the risk through a properly defined network.

Heads of departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning.

ROLE OF RISK MANAGEMENT COMMITTEE:

The Company has a committee of the Board, namely, the Risk Management Committee, which was constituted with the overall responsibility of overseeing and reviewing risk management across the Company.

The terms of reference of the Risk Management Committee are as follows:

- (a) To periodically review the risk management policy at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (b) To formulate a detailed risk management policy covering risk across functions and plan integration through training and awareness programmes;
- (c) The policy shall include:
 - (1) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (2) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (3) Business continuity plan.
- (d) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(e) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(f) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(g) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(h) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee. The Risk Management Committee shall coordinate its activities with other.

ROLE OF AUDIT COMMITTEE:

- ❖ Review of the strategy for implementing risk management policy
- ❖ To examine the organization structure relating to Risk management
- ❖ Evaluate the efficacy of Risk Management Systems – Recording and Reporting
- ❖ To define internal control measures to facilitate a smooth functioning of the risk management systems
- ❖ Ensure periodic review of operations and contingency plans and reporting to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems.

RISK MANAGEMENT PROCESS:

Conscious that no entrepreneurial activity can be undertaken without assumption of risks and associated reward opportunities, the Company operates on a risk management process /framework aimed at minimization of identifiable risks after evaluation so as to enable management to take informed decisions.

Broad outline of the framework is as follows:

a) Risk Identification: Management identifies potential events that may positively or negatively affect the Company's ability to implement its strategy and achieve its objectives and performance goals.

Risks can be identified under the following broad categories. This is an illustrative list and not necessarily an exhaustive classification.

(i) Internal risks including:

- ❖ Strategic Risk: Competition, inadequate capacity, high dependence on a single customer/vendor.
- ❖ Business Risk: Project viability, process risk, technology obsolescence/ changes, development of alternative products.
- ❖ Finance Risk: Liquidity, credit, currency fluctuation.
- ❖ Environment Risk: Non-compliances to environmental regulations, risk of health to people at large.
- ❖ Personnel Risk: Health & safety, high attrition rate, incompetence.
- ❖ Operational Risk: Process bottlenecks, non-adherence to process parameters/ pre-defined rules, fraud risk.
- ❖ Reputation Risk: Brand impairment, product liabilities.
- ❖ Regulatory Risk: Non-compliance to statutes, change of regulations.
- ❖ Technology Risk: Innovation and obsolescence.

- ❖ Information and Cyber Security Risk: Cyber security related threats and attacks, Data privacy and data availability.

(ii) External risks including:

- ❖ Sectoral Risk: Unfavorable consumer behavior in relation to the relevant sector etc.
- ❖ Sustainability Risk: Environmental, social and governance relates risks.
- ❖ Political Risk: Changes in the political environment, regulation/ deregulation due to changes in political environment.

b) Risk Estimation:

Risk Estimate can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

c) Risk Treatment

A clear understanding of a complete treatment strategy is important to ensure that critical dependencies and linkages are not compromised and to ensure the use of resources and budgets is efficient. For this reason development of an overall treatment strategy should be a top-down process, driven jointly by the need to achieve objectives and satisfy organizational and budgetary constraints while controlling uncertainty to the extent that this is desirable.

BUSINESS CONTINUITY PLAN:

Business Continuity Plan (BCP) is a step-by-step guide to follow response to a natural or man-made crisis or any other incident that negatively affects the firm's key processes or service delivery. The objective of the Business Continuity Plan is to support the business process recovery in the event of a disruption or crisis. This can include short or long-term crisis or other disruptions, such as fire, flood, earthquake, explosion, terrorism, tornadoes, extended power interruptions, hazardous chemical spills, Epidemic and Pandemic and other natural or man-made disasters.

REPORTING:

Risk analysis to be done by the Functional heads on a quarterly basis, anticipating the risks they see in the forthcoming quarter. The reporting shall be done in the following manner,



ROLES OF THE FUNCTIONAL HEADS- All functional heads are individually responsible for identifying all potential risks and creating their own risk agenda.

ROLE OF THE MANAGING DIRECTOR- Managing Director required to assess, analyze and quantify considering the views and recommendations given by the functional heads and then report the same to the Risk Management Committee and Audit Committee.

REVIEW

Review the policy on an ongoing basis in order to mitigate risks that may arise from time to time, Risk Management Committee and Audit Committee to suggest a strategy for the risks identified and suggest the same to the board.

This policy shall evolve by review by the Risk Management Committee/Audit Committee and the Board from time to time as may be necessary.

This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company.

This policy has been recommended to the Board and approved by the Board.
