

ACB (INDIA) LIMITED ("the Company")

RISK MANAGEMENT POLICY

BACKGROUND AND CONTEXT

1. Enterprise risk management committee was not mandatory as per Companies Act 1956. However, as per Section 134 of the Companies Act 2013, the Board of Directors report must include statements indicating development and implementation of a Risk Management Policy for the Company including identification of elements of risks, if any, which in its opinion may threaten the existence of the Company.
2. 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.
3. In the above context, the Company will also be required amongst other things to frame a Risk Management Policy to meet the requirements, as above.

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 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

APPLICABILITY

This Policy applies to all areas of the Company's operations.

RISK FACTORS

External Risk Factors



- Economic Environment and Market conditions

Our customers concentrated in Power sector and iron and steel sector. Economic slowdowns or factors that affect the economic health of the Country and the said industries may increase risk to our revenue growth.

The efforts to enhance quality of products and upgrading their performance parameters are aimed at deriving optimum value from the existing customer base and targeting a larger customer profile. Historically, the strength of our relationships has resulted in significant recurring revenue from existing customers.

The Company has been increasing operational efficiency and continued to take initiatives to move up the quality control scale.

The Company keep in interacting with the customers updating them about the benefits of coal washing, etc.

The Company's management keep themselves updated about the upcoming trends, the senior officers of the Company regularly attends symposium, seminars, workshops to keep updated with the prevailing economic environment and market conditions.

- Political Environment

Any adverse change in the political environment in the country, would have an impact in growth strategies of the Company. Risks that are likely to come are managed by reviewing and monitoring the country's industrial, labour and related policies and involvement in representative industrial bodies. The Chairman cum Managing Director of the Company has been the Chairman of the Expert Committee on Coal since 2008 and the Co-Chairman of the National Coal Committee of ASSOCHAM since 2009. The Company whenever necessary represent before the government departments, ministry of coal, environment ministry, etc. interacting with policy maker and updating itself with the emerging trends.

- Fluctuations in Foreign Exchange

The Company has limited currency exposure in case of sales, purchases and other expenses. However, the Company has availed External Commercial Borrowing (ECB) facility from which it has got hedged. The foreign exchange exposure are fully hedged by the Company.

- Statutory approvals

As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk and is required to obtain various approvals within the stipulated time. To mitigate this type of risk, the person in charge of the Project acts proactively and simultaneous with the advancement of the Project, obtain such approvals. Further, in case of operational Plants, the person in charge of the Plant assess the validity of the approvals and apply before for renewal of the same before their expiry. Further, the Company has a well structured system who monitor this process.

Further, the Company dispose the washery coal rejects in an environmentally friendly

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manner and established coal reject based power plants at the site.

- Land availability

Our Coal washery Plants are located nearby the Coal mines and the Power plants are located near pit heads. It may be difficult to acquire land nearby coal mines. To mitigate this types of risks, your Company locally employs persons who can deal with local peoples and negotiate with them for purchase of land, where there is no availability of private land nearby the coal mines, your Company has taken on long term lease of land from the coal mining company, state industrial development company, etc.

Internal Risk Factors

- Fraud by the Employees

To mitigate the Accounting fraud by the employees, multiple checks at various stages have been implemented in the ERP system of the Company. The person making accounting entries in the ERP systems are being checked by their seniors before they are being posted in ERP. The signing of cheques and payments are being done by the top management.

Further, the internal auditors on quarterly basis in their reports highlighted the instances of non-adherence to procedures and manuals.

Furthermore, the Company has adopted Vigil Mechanism Policy to report genuine concerns, unethical behaviors, actual or suspected fraud or violation of the Company's code of conduct which provide for adequate safeguards against victimization of persons and also make provision for direct access to the chairperson of the Audit Committee in certain circumstances.

- Industrial Disputes

The Joint Managing Director and Regional Director are residing at the plant locations and look after the day to day operations of the Company. They visit every plant locations at regular intervals and interact with all the functional heads, work force and resolve the their concerns an issues, if any.

- Management Conflict and mismanagement

To mitigate these types of risks, you Company has adopted a Standard Operating Procedure (SOP) which deals with the powers, duties and responsibilities of each Chairman cum Managing Director, Joint Managing Directors, Regional Directors, Presidents and General Managers of Plants. The adherence to the SOP are being subject to audit by the internal auditors of the Company.

- Business Interruption risks

These risks relate broadly to the Company's organisation and management, such as planning, monitoring and reporting systems in the day to day management process. The SOP of the Company defines the roles and authorities of each functional heads and every level of employees of the Company which will reduce the conflicts between employees.

Further, our Joint Managing Director and Regional Director are residing at the plant locations and look after the day to day operations of the Company.

- Human Resource Management

The Human Resources (HR) Department ensures that the right person is assigned to the right job and that they grow and contribute towards organisational excellence.

Our growth has been driven by our ability to attract top quality talent and effectively engage them in right jobs.

The Employee compensation is always subjected to fair appraisal systems of the employee and is consistent with job content, peer comparison and individual performance. We seek to provide an environment that rewards initiative and performance.

RESPONSIBILITY FOR RISK MANAGEMENT

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. 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.

COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman cum Managing Director and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

REVIEW

The measures taken to mitigate risk and compliance with the Risk Management Policy shall be placed before the Audit Committee on half yearly basis for their review.

This Policy shall be reviewed as and when required to ensure it meets the requirements of legislation and the needs of Organization.

AMENDMENT

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

