



# Alkyl Amines Chemicals Limited

## RISK MANAGEMENT POLICY

### REVISION HISTORY

Version	Description	Effective date	Approved on
V.0	Risk Management Policy	April 1, 2020	February 6, 2020

## **1. SCOPE**

Risk Management is an integral part of the Company's plans and operations. In terms of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations), Risk Management Committee shall be applicable to top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year. Section 134 of the Companies Act, 2013 mandates the formulation of Risk Management Policy.

This policy establishes the Company's philosophy towards risk identification, analysis & prioritisation of risks, development of risk mitigation plans & reporting on the risk environment of the respective business segments in the Company. This policy is applicable to all functions within the company.

## **2. OBJECTIVE**

The Company recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives.

The objective of this policy is to manage the risks involved in all activities of the various functions in the Company to maximize opportunities and minimize adversity. This policy is intended to assist in decision making processes that will minimize potential losses, improve the management of uncertainty and the approach to new opportunities, thereby helping the Company to achieve its objectives.

## **3. DEFINITIONS:**

### **3.1 Risk:**

The chance of something happening in future that will have an impact upon the Company's objectives and it is measured in terms of consequences and likelihood.

### **3.2 Risk Management:**

The overall process of risk assessment and risk evaluation vis-à-vis established tolerances, their treatment, monitoring and effective management of opportunities and adverse effects.

## **4. RISK MANAGEMENT COMMITTEE:**

The Board of Directors of the Company shall constitute the Risk Management Committee consisting of majority of Board members. Senior executives of the Company may be members of the said Committee but the Chairman of the Committee shall be member of the Board of Directors.

The Committee is authorized to monitor and review the Risk Management plan and the Board may delegate such other functions, roles and responsibilities as it may deem fit.

## 5. METHODOLOGY FOR RISK MANAGEMENT:

The following methodology should be adopted by every department/function to identify and mitigate risks to which they are subjected.

5.1 Risks Identification: This would envisage identification of the potential list of events/perils/risks/factors that could have an adverse impact on the achievement of business objectives. The Company has identified the Risks under the following broad categories. This is an illustrative list and not necessarily an exhaustive classification.

- ◆ Domestic and International Business Risk:  
Domestic and International markets, political environment
- ◆ Strategic Risk:  
Competition, inadequate capacity, high dependence on a single customer/vendor/ product
- ◆ Business Risk:  
Business viability, climate risk, product obsolescence, technology obsolescence / changes, development of alternative products
- ◆ Financial Risk including forex:  
Liquidity, credit, currency fluctuation
- ◆ Environment Risk:  
Non-compliances to environmental regulations, risk of health to people at large
- ◆ Human resources Risk:  
Health & safety, high attrition rate, incompetence
- ◆ Operational Risk:  
Process bottlenecks, non-adherence to process parameters/pre-defined rules, product registrations
- ◆ Reputation Risk:  
Brand impairment, product liabilities
- ◆ Corporate Governance and Compliance Risk:  
Non-compliance to statutes, change of regulations
- ◆ Technology Risk:  
Innovation, obsolescence,
- ◆ Political Risk:  
Changes in the political environment, regulation/deregulation due to changes in political environment

- 5.2 Analyse Risks: This is the determination of existing controls and the analysis of risks in terms of the consequence and likelihood in the context of those controls. The analysis should consider the range of potential consequences and whether these consequences are likely to occur. Consequence and likelihood are reviewed to produce an estimate of the level of risk.
- 5.3 Evaluate & Prioritize Risks: This is a comparison of estimated risk levels against pre-established criteria. This enables risks to be ranked and prioritized. The risks can be evaluated by plotting them on the Risk Map.

## **6. RESPONSIBILITY:**

Every employee of the Company is responsible for the effective management of risks including the identification of potential risks. Company management is responsible for the development of risk mitigation plans and the implementation of risk mitigation strategies.

The Board of Directors is ultimately responsible for identifying and assessing the nature and extent of internal and external risks that may impact the Company in achieving its strategic objectives. The Board is responsible for determining the Company's risk appetite, overseeing the development and implementation of Risk Management framework and maintaining an adequate monitoring and reporting mechanism.

The internal Audit program must be aligned with the Company's risk profile and is responsible for providing independent assurance, in relation to the effectiveness of processes, to manage particular areas of risk.

## **7. REPORTING:**

The Risk Management Committee will review the various risks associated with the Company and report the same to the Audit Committee and the Board of Directors, from time to time. A Risk Management Report shall be placed by the Management at every meeting of the Board of Directors.

## **8. AMENDMENTS:**

Any subsequent amendment / modification in the SEBI LODR/Listing Regulations or any other applicable laws in this regard shall automatically apply to this Policy.