ABM KNOWLEDGEWARE LIMITED

RISK MANAGEMENT POLICY

Objective:

The main objective of Risk Management 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, evaluating, monitoring and minimizing identifiable risks.

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The new Companies Act, 2013 and the Clause 49 of the Equity Listing Agreement have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

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.

Risk Management Committee:

The Board of Directors of the Company have formed a Risk Management Committee comprising of following persons who shall periodically review the risk management policy of the Company so that the management controls the risk through properly defined network.

1. Mr. Prakash B. Rane, Chairman
2. Dr. Ajit C. Kulkarni, Member
3. Mr. Govind Singh Chauhan, Member

Identification of Risks:

Risk can minimize only after the identification, or we can say unless we identified the risk, it cannot be minimized. So the first moto of the Risk management Policy is to identify the risks. Risk can be identified by any director, employee, shareholders, debtors, creditors, bankers etc. They can report the identified risks to the concerned department. Immediately after the reporting of the risks, departmental head and entire team of the department shall accumulate the information pertaining to the identified risks and evaluate the risks. The risks can be categorized as industry risk, supply side risk for talent acquisition, cost pressures, operational efficiency risk, reputation risk etc.

Management of Risks:

All the risks should be reported to the departmental heads and they will further intimate to the Risk Management Committee. In extreme cases all the concerned department head will report immediately to any member of Risk Management Committee for further consideration of Audit Committee and Board of Directors.

The Board of Directors will consider the risk reported by the Risk Management Committee and the Audit committee of the company. The management will take the necessary action on the reported risk and will do the best for minimization of the risks.

Risk Treatment:

Risk Treatment includes the process of selecting and implementing measures to mitigate risks and to prioritize risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. for

a) Effective and efficient operations
b) Effective Internal Controls
c) Compliance with laws & regulations

Risk treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

Role of the Board :

The Board will undertake the following actions to ensure risk is managed appropriately:

1. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
2. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.
3. Ensure that the appropriate systems for risk management are in place.
4. The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible.
5. Participate in major decisions affecting the organization's risk profile.
6. Have an awareness of and continually monitor the management of strategic risks
7. Be satisfied that processes and controls are in place for managing less significant risks.
8. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitor accordingly.

9. Ensure risk management is integrated into Board reporting and annual reporting mechanisms.
10. Convene any Board-Committees that are deemed necessary to ensure risk is adequately managed and resolved.

Process:

The process for management / mitigation of any risk at the Company shall involve the following mechanism:

i) An individual or Departments of the Company who foresees or identifies any risk shall report such risk to the Risk Management Committee

ii) The Risk Management Committee shall evaluate the risk, suggest steps for mitigating the risk and give its recommendations in the form of Report for submission to the Audit Committee and forward the same to the Chief Financial Officer (CFO) / Company Secretary (CS) of the Company for placing it before the Audit Committee;

iii) The CFO / CS of the Company based on the recommendation of Risk Management Committee, place the same before the Audit Committee of the Company at its next meeting.
However, in case of prompt risk(s) that require immediate attention of the Audit Committee, the CFO / CS shall forward the same by email to the Audit Committee of the Company for their immediate attention and reviews;

iv) The Audit Committee shall review the Risk Management Committee Report at its quarterly meetings and provide its inputs, corrective steps, where required, for mitigating the risks so that they are not repeated in future.

v) The Audit Committee of the Company shall formally report to the Board, such risk related concerns and details on the implementation and on the activity undertaken quarterly.

However, in case of any prompt risk reporting, the Audit Committee shall report such risk concern along with its recommendations, if any, to the Board for Board’s immediate attention and seeking Board’s approval / opinion for management of such risk.

vi) In case the Audit Committee finds it necessary to seek an expert’s opinion, the Audit Committee shall have the authority to engage expert(s) in the field, for management / mitigation of risks.

REVIEW

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