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Manufacturers of PVC Films & Sheetings

## RISK MANAGEMENT POLICY

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For AMCO INDIA LTD  
*S. W. Mohan*  
Director



## I. BACKGROUND:

The Board is responsible for providing effective governance and is ultimately accountable for organizational performance. To this end, the Board must ensure that the organisation's resources are deployed effectively and efficiently in the pursuit of organisational goals. Risk management policy and processes will enable the Amco India Limited to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

## II. PURPOSE & BENEFITS OF THE POLICY:

This policy provides direction regarding how risk will be managed throughout the organisation. Risk management is a core function of governance. Effectively managing risk will have many benefits:

- a. effective management of assets, events, programs and activities;
- b. minimize risks to participants, officials, spectators and volunteers;
- c. encourages broad thinking about business objectives and outcomes;
- d. creates a framework for the systematic identification of organisational deficiencies;
- e. improved communication, both internally and externally;
- f. improved compliance with legal and regulatory requirements;
- g. enhances ability to meet the needs of members and other stakeholders;
- h. lower costs and greater budget certainty;
- i. enhanced image and reputation; and
- j. better quality experiences for participants.

## III. DEFINITIONS:

- a. **Risk:** A risk is defined as an unknown future event which could affect the organisation's ability to achieve its goals.
- b. **Risk Treatment:** A process of categorizing a risk in terms of likelihood and significance.
- c. **Risk Mitigation:** The selective application of appropriate techniques and management principles to reduce either the likelihood of occurrence or the impact/consequence, or both.
- d. **Risk Transfer:** Shifting responsibility or burden for loss to another party through legislation, contract, insurance or other means.
- e. **Risk Acceptance:** An informed decision to accept the consequences and the likelihood of particular risk.
- f. **Black Swan Events:** Occurrence of high-impact, hard-to-predict, and rare events that are beyond the realm of normal expectations.

- g. **Risk Management System:** The culture, processes and structure that are directed towards the effective management of risks.
- h. **Risk Management Process:** The systematic application of management policies, procedures and practices to the tasks of identifying analyzing, assessing, treating and monitoring risk.

**IV. ROLE OF THE BOARD:**

The Board of Amco India Limited will undertake the following actions to ensure risk is managed appropriately:

- a. Participate in major decisions affecting the organisation’s risk profile;
- b. Have an awareness of and continually monitor the management of strategic risks;
- c. Be satisfied that processes and controls are in place for managing less significant risks;
- d. Ensure risk management is integrated into board reporting and annual reporting mechanisms;
- e. Convene the Board meeting and take the matters that are deemed necessary to ensure that risk is adequately managed and resolved where possible.

The Board will gather and review information and data, be thorough in assessments, seek independent or expert advice where appropriate and provide direction and guidance to the Risk Management Coordinator(s) in terms of decision-making.

**V. RISK ASSESSMENT FOR DETERMINING THE TYPE OF RISKS:**

A risk assessment process will be used to determine the likelihood of an incident to happen and the impact (significance) of the consequences. The risk assessment begins by determining the type of risk which has been identified.

Risk Type	Examples/Description
Financial	Risks which impact on the finances and assets of Amco India Ltd.
Reputational	Risks which impact on the reputation, credibility and professional standing of Amco India Ltd.
Political/ Environmental	Risks relating to government policy, key stakeholders, and the external environment.
Legal/Compliance	Risks relating to legislation, regulations, legal compliance matters, and issues such as Workplace Health and Safety.
Operational	Risks relating to business continuity such as staff turnover, IT/ Communications, change of business location (offices)

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Event Management	Risks relating to the events hosted by Amco India Ltd.
Strategic / Black Swan	Risks related to the marketplace, including business competitors, new products and services targeting the Amco membership or target audience, and high-impact though hard to predict occurrences

Black Swan risks are a relatively new addition to risk management procedures. This category of risk refers to high-impact and rare events that are very difficult to foresee (e.g. the global financial crisis).

## VI. RISK MANAGEMENT PROCESS:

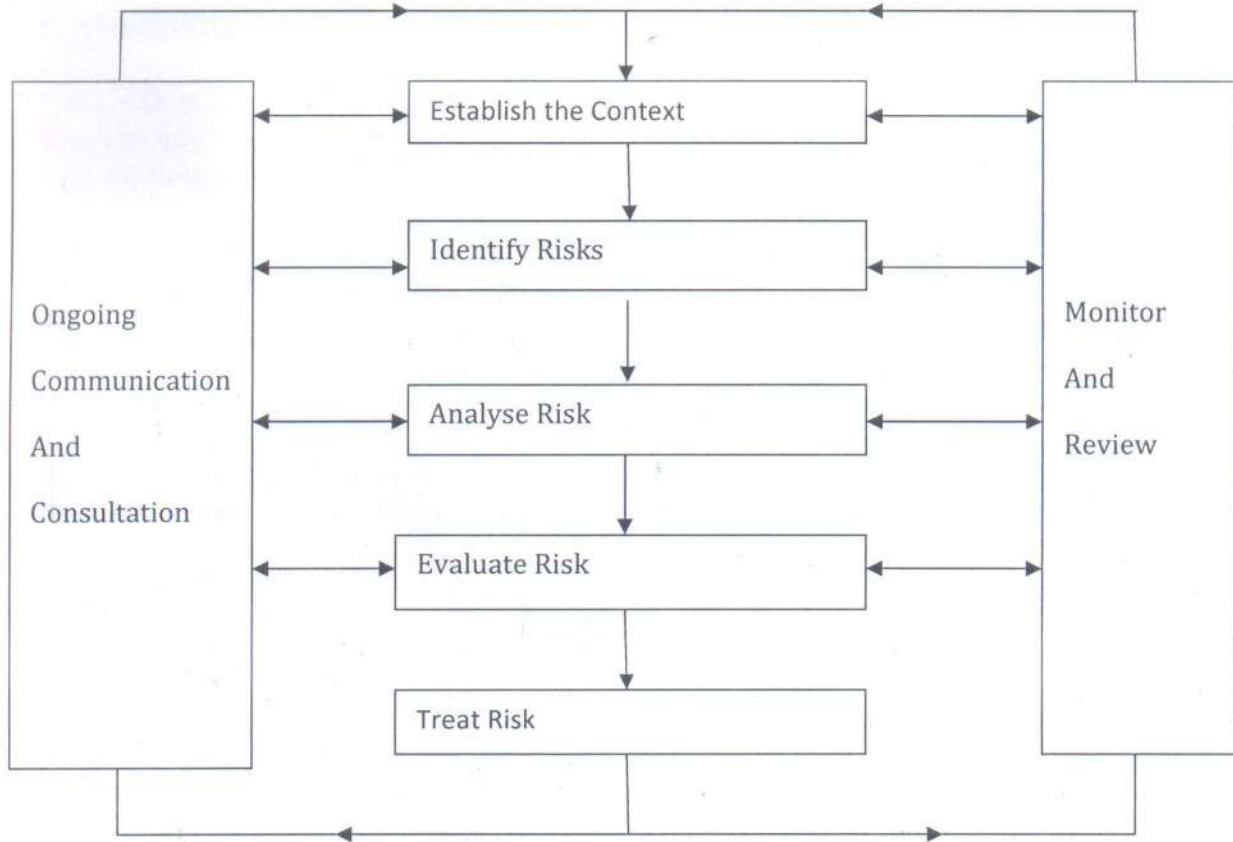
The risk management process & methodology consist of following steps:

- a. **Step 1: Establish the Context:**  
Establish the strategic, organizational and risk management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established and the structure of the analysis shall be defined.
- b. **Step 2: Identify Risks:**  
Identify what, why and how things can arise as the base for further analysis.
- c. **Step 3: Analyse Risk:**  
Determine the existing controls and the analysis the risks in the terms of consequence and likelihood in the context of those controls. The analysis should consider the range of potential consequences and how likely those consequences are to occur. Consequences and likelihood may be combined to produce an estimated level of risk.
- d. **Step 4: Evaluate Risks:**  
Compare the estimated levels of risk against the pre established criteria. This enables risks to be ranked so as to identify management priorities. If the levels of risk established are low, then risks may fall into an acceptable category and treatment may not be required.
- e. **Step 5: Treat Risks:**  
Accept and monitor the low priority risks. For other risks, develop and implement a specific management plan, which includes the consideration of specific policies and procedures covering issues such as avoidance/reduction/transfer of risk, insurance cover, business continuity and disaster recovering planning.
- f. **Step 6: Monitor and Review:**  
Monitor and review the performance of the risk management system and changes which might affect it.

g. **Step 7: Communicate and Consult:**

Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process to address issues related to the risk and the process to manage it.

**DIGRAM: Risk Management Process Flowchart**



**VII. AMCO INDIA RISK MANAGEMENT PROCESS & PROCEDURE:**

The following process and procedure shall be followed by the Company for identifying and treating the risk:

a. **Establishing the Context:**

The Risk Management defines the criteria for the identification of risks within the context of the wider goals, objectives and strategies of the organization. Each department establishes and reviews the list of relevant contexts within which risks should be identified. The contexts may include the categories such as 'Business Continuity', 'Client Satisfaction' and Compliance.

b. **Identifying Risks:**

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*[Signature]*  
Director

The Risk methodology of the Company relies on the principle that those employees who have a very good knowledge of their respective areas of the business are in the best position to provide the necessary information and assessment of risks. A participative and structured approach in the form of sessions with the nominated representatives of each department may be adopted to identify and assess risks.

**c. Analyzing and Evaluating Risk:**

Each risk is analysed to identify the consequences and likelihood of the risk occurring and the adequacy of existing controls. The measures are used to establish the priority and ranking of the risk, which in turn indicates the priority for risk treatment actions.

The information resulting from this evaluation of the risk is reported to the Risk Management Coordinator(s) who uses it for risk management, monitoring and reporting purposes.

**d. Treating Risks:**

Once the risk type has been established, the next step is to determine the treatment. The Risk treatment activities may include the tasks to:

- Reduce the likelihood of risks;
- Reduce the consequences of risks;
- Reduce both the likelihood and the consequences of the risks;
- Transfer the risk in part or in whole;
- Accept the risk and do nothing;
- Avoid risk by changing business practices.

A priority is further established for each risk treatment action reflecting the complexity of the treatment, effort, funding and resources required. Each risk treatment action must also indicate the position manager responsible and the estimated dates for implementation. The actions are recorded and provided for the monitoring to the Risk Management Coordinator(s).

**e. Monitoring Risks:**

The risk profile of every business area is dynamic and therefore subject to continuous change with the ever present chance of a risk occurring. To manage this change, the following process of scheduled maintenance has been adopted to tackle and deal with the various kind of risk in the organisation.

- Immediate:

The escalation of risk which has substantial impact to the business and has high escalation tolerance levels are reported to the Risk Management Coordinator(s) on immediate basis. Also any new or changed risks will be identified and escalated if deemed necessary.

- Report to the Board:

The Risk Management Coordinator(s) will report the collective findings to the Board on regular basis or as and when required.

- Annually:

The risk management process shall is reviewed by the Board for efficiency and effectiveness. The risk contexts for each department are reviewed. The Risk Management Plan will be subject to annual audit of the Auditor.

**f. Communicating and Documenting Risk:**

The Risk Management Coordinator(s) is responsible for ensuring effective communication across all internal and external stakeholders of Risk Management Process. They ensure that risk management is done and reported appropriately.

**VIII. DISCLOSURE OF THE RISK MANAGEMENT POLICY:**

The Company shall disclose the details of the Risk Management Policy in its Board Report on annual basis. The details of the modes and methods adopted to combat the risk and other related issues including the management perception of risk shall be disclosed in the MDA Report.

**IX. RISK MANAGEMENT COORDINATORS:**

The Board has appointed the following Directors as the Risk Management Coordinators of the Company:

- a. Mr. Surender Kumar Gupta
- b. Mr. Rajeev Gupta

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Director