
ALIMCO Risk Management Policy-2019



w.e.f 01.04.2019



Approved at the 178th Meeting of the Board of Directors held on 27.03.2019

**ARTIFICIAL LIMBS MANUFACTURING CORPORATION OF INDIA
(Govt. of India Enterprises)
G .T. Road, Kanpur -209217**



The Policy

Risk Management



**Artificial Limbs
Manufacturing Corporation
of India**

20

19

1. OVERVIEW

Risk arises out of uncertainty; it is the exposure to the possibility of such things as economic or financial loss or gain, physical damage, injury or delay, as a consequence of pursuing course of action. The concept of risk has two elements, the likelihood of something happening and the consequences if it happens!

Risk can arise from internal or external sources and may include exposure to such things as economic or financial loss or gain, physical damage, failure of a project to achieve its target, client dissatisfaction, unfavourable publicity, and a threat to physical safety or breach of security, mismanagement, failure of equipment or fraud.

It is necessary that risk should necessarily be avoided. If managed effectively, risk(s) also allows ALIMCO to seize opportunities for improving services and revenue growth. Risks can be categorized according to goals, objectives or outcomes in reference to the business plans of ALIMCO. At the highest level they represent risks to the organization in not being able to achieve the projected corporate/business plan and consequences arising thereof.

1.1 Introduction

The purpose of this Policy is to ensure that each of you is aware of ALIMCO's standards for risk-taking while conducting business and to provide an easy-to-access guide any time you have a question. Like every business, ALIMCO faces numerous risks.

These risks have the potential to disrupt achievement of ALIMCO's strategic and operational objectives. ALIMCO aims to use risk management to take better informed decisions and improve the probability of achieving its strategic and operational objectives.

1.2 Corporate Governance

ALIMCO is required to include in its annual financial statement a statement on internal control, including how the following broad principles of corporate

governance have been applied:

- 1.2.1 The identification and management of risk should be a continuous process linked to the achievement of ALIMCO's objectives.
- 1.2.2 The approach to internal control should be risk based including one valuation of the likelihood and impact of risks becoming a reality.
- 1.2.3 Review procedures must cover business, operational and compliance as well as financing risk.
- 1.2.4 Risk assessment and internal control should be embedded in ongoing operational procedures.
- 1.2.5 The governing body or relevant committee should receive regular reports during the year on internal control and risk.
- 1.2.6 The principal results of risk identification, evaluation and management review of its effectiveness should be reported to, and reviewed by, the governing body.
- 1.2.7 The governing body acknowledges that it is responsible for ensuring that a sound system of control is maintained and that it has reviewed the effectiveness of the above process.
- 1.2.8 Where appropriate, set out details of actions taken or proposed, to deal with significant internal control issues.

1.3 **Objective of Risk Management Policy**

Every business has risk associated with it. Every decision taken has some risk involved. This is more so in Public Sector which is currently changing rapidly with more autonomy and more decision making delegated down the line. Hence there is a need to define the risks in the business, evaluate them and document their possible

impact. Such evaluation of risks involved needs to be factored in while taking the decision. This policy is a formal acknowledgement of the commitment of ALIMCO to risk management.

The objective of the Risk Management Policy is:

- 1.3.1 To define a framework for identification, evaluation and mitigation of risk in the decision making process of the business of ALIMCO.
- 1.3.2 To protect ALIMCO from those risks of significant likelihood and consequences in the pursuit of ALIMCO's stated strategic goals and objectives.
- 1.3.3 To encourage pro-active rather than re-active management.
- 1.3.4 Provide assistance to and improve the quality of decision making throughout the organization.
- 1.3.5 Assist in safeguarding ALIMCO's assets, people, finance, property, goodwill and reputation.
- 1.3.6 To formalise and communicate a consistent approach to managing risk for all the activities of ALIMCO and to establish a reporting protocol.

Note: Implementation of this policy will only facilitate better management of risk not its elimination. The aim of the policy is not to have risk eliminated completely from the activities of ALIMCO, but rather to ensure that every effort is made by ALIMCO to manage risk appropriately to maximise potential opportunities and minimise the adverse effects of risk.

1.4 Policy Statement

ALIMCO considers risk management to be fundamental to good management practices and a significant aspect of corporate governance practices. Effective management of risk shall provide an essential contribution towards the achievement of ALIMCO's strategic and operational objectives and goals.

- 1.4.1 Risk management is an integral part of ALIMCO's decision making and routine management, and is incorporated within the strategic and operational planning processes at all levels across ALIMCO.
- 1.4.2 Risk assessments are conducted on all activities, including production, processes, systems and commercial activities to ensure that these are aligned with ALIMCO's objectives and goals.
- 1.4.3 Any risks or opportunities arising from these assessments are identified, analysed and reported to the appropriate management level.
- 1.4.4 ALIMCO maintains a risk register.
- 1.4.5 ALIMCO is committed to ensuring that all staff is provided with adequate guidance and training on the principles of risk management and their responsibilities to implement risk management effectively.
- 1.4.6 ALIMCO shall regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across ALIMCO.

1.5 **Scope / Application of Policy**

Risk is an inherent aspect of all business activities. Sound risk management principles must become part of routine management activity across ALIMCO.

This policy is applicable to the Corporate Office, Branch Offices and Factory Offices of ALIMCO.

It shall also apply to any other entities that may be under the control of the management of ALIMCO.

1.6 Approach

ALIMCO's approach to risk management follows several key principles:

- 1.6.1 The Risk Management process is as user friendly as possible and adds value. For this reason considerable effort has been put into keeping the process as simple as possible.
- 1.6.2 ALIMCO seeks to embed risk management across all verticals but its immediate aim is to ensure that it is embedded in ALIMCO's higher management group and all key executives.
- 1.6.3 The aim is to marry top down and bottom up assessments to produce a comprehensive picture of risk across all activities of ALIMCO.
- 1.6.4 A key focus of the risk management process is the concentration on control improvements to mitigate significant risks, however there is a need to balance the cost and the effectiveness of the controls; for example where marginal improvements in control require substantial costs, the proposal may be unviable.
- 1.6.5 Upward reporting of risk ensures that significant risks are reported and closely monitored on a regular basis at the appropriate level.

1.7 Definitions

1.7.1 Risk

Risk is the chance of an event occurring which will have an impact on the achievements of ALIMCO's objectives and adversely impact its performance. Risk is measured in terms of consequences and likelihood.

Risk exists as a consequence of uncertainty and is present in all activities whatever the size or complexity and whatever industry or business sector. It is important to understand that risk is a broader concept than the traditional view of merely a threat. It also recognises the risks of taking or not taking opportunities.

- 1.7.2 Risk includes: Threats (damaging events) which could lead to failure to achieve objectives. Opportunities (challenges) which if exploited could offer an

improved way of achieving the desired objectives but which could potentially have negative impacts. ALIMCO considers all types of risk it faces, strategic, operational, financial, reputational, and regulatory, compliance risks etc. The risk framework prepared as part of this initiative, gives a list of the different categories of risks.

1.7.3 Risk Assessment

This comprises of the overall process of risk analysis and risk evaluation. It comprises of identification of risks, analysis of risks, assessment & evaluation of risk.

1.7.4 Risk Management

This refers to the processes, structures and the change in culture that is to be affected in order to carry out effective management of potential opportunities and minimizing of adverse impacts within the environment of the organization.

1.7.5 Risk Management Process

This pertains to the systematic application of management policies, procedures, and practices to the task of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

2. TYPES OF RISKS AND ITS MANAGEMENT

What is Risk Management

Risk Management is the systematic application of management policies, procedures and practices to the task of identifying, analysing, assessing and monitoring risk.

While it is true that there is no such thing as risk free management or risk free decisions, there may be many risks that can be avoided, reduced or eliminated through good risk management. It may be mentioned that good risk management also takes advantage of

opportunities while analysing and dealing with risks.

Risk Management is an explicit tool for business management through which management can identify, evaluate and manage both risk and opportunities. It is a logical and systematic process and should be integrated into the decision making process.

Good risk management is forward looking and helps improve decisions. It is not only about avoiding or minimizing risks but also about seizing opportunities. It is a powerful tool for public sector managers to take well thought out, logical decisions with the risk aspects well documented.



| 2. Types of Risk and its Management | | | | |
|--------------------------------------------|-----------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| S.No. | Risk Classification | Risk Coordinator (Responsible Division) | Risk Description | Risk Mitigation Measures |
| 1. | Human Resources Risk | HOD P&A Department | <p>Risks relating to Human Resources: -</p> <ol style="list-style-type: none"> 1. Risk because of improper manpower Planning- Skill and Competency mapping. 2. Risks related to attrition (non-retention) of Employees. 3. Risks associated with litigation and claims of stakeholders. | <ol style="list-style-type: none"> 1. Manpower planning/assessment and Succession Planning is required to be performed annually looking into the operational needs and superannuation. Looking into urgent need for Skill and Competency Mapping, PCMM study is required to be carried out. 2. Though the attrition level is very low, there is a constant need to update the Pay Scales and review other Rules relating to Travel and Other benefits annually as per latest Government Guidelines. 3. The rules and regulations are required to be documented and all the cases of the claims of stakeholders should be disposed off in accordance to the rules in-force. However, in any emergent situation where the rules are not in place, every effort shall be made for framing an equitable rule and obtain approval of the Board of Directors. |

| | | | | |
|--|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>4. Risks from Occupational Health & Safety.</p> <p>5. Risk relating to Communication Channels and its effectiveness.</p> <p>6. Risk relating to knowledge obsolescence.</p> | <p>4. The first aid boxes shall be provided in each department as per the constant review of the safety committee. High Risk operational areas should be identified and necessary provisions for health improvements should be undertaken. The recommendations of the safety committee should be adhered to swiftly.</p> <p>Moreover, the corporation should organize health camps for all the employees at least once in a year. Moreover, the Medical Rules of the corporation has a provision for one complete medical checkup for all employees above 50 years of age and medical checkup once in two years for all other employees.</p> <p>5. The Corporation recognizes a Worker Union after the election process and all matters relating to welfare are discussed mutually and through Plant level and other Committees having Officer as well as Worker Representation. Financial / Non-Financial Reward & Recognition system is also in place.</p> <p>6. Devise the training curriculum periodically to develop employees' core competencies. Perform Training Need Analysis to design the training curriculum for all the organizational roles.</p> <p>All parameters shall be considered while drafting of training calendar including</p> |
|--|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | | | |
|----|-----------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>7. Risk associated with fire.</p> | <p>appraisal forms of employees, special requests from Department Heads, request from employee, new business lines, New system implementation.</p> <p>7. The corporation has taken up the provision of latest fire-fighting and hydrant system in its modernization plan. However, there is a need for developing a comprehensive training program which will train all the employees of the corporation in operation of fire extinguishers. The mock drills are required to be carried out by trained fire-fighting personnel once every six months.</p> |
| 2. | Financial Risk | HOD FA Department | <p>Risks relating to Finance: -</p> <p>1. Adequacy of Cash Flow and efficient Cash Flow Management.</p> <p>2. Increasing Operational efficiency.</p> | <p>1. In order to ensure optimal utilization of funds, properly documented and approved Investment Policy should be in place. The Cash flow should be optimally available to the corporation in liquid form for liquidating the liabilities well in time so that the corporation maintains a strong vendor base.</p> <p>2. Constant monitoring of the working of the corporation through MIS Reports relating to Revenue Generation and Expenditure Management shall enable the corporation to maintain the operational efficiency.</p> |

| | | | | |
|--|--|--|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>3. Integrity of Financial Statements and Integration of Accounts.</p> <p>4. Timely collection of Debtors.</p> | <p>The target of operational efficiency should be a constant parameter to be monitored while target-setting and this should be reviewed on a monthly basis. This would enable constant updating of Costing Parameters and taking appropriate timely financial decisions.</p> <p>The corrective measures in formulation of contracts, agreements, MOU etc. shall be done ensuring operational efficiency along with statutory compliances. Frequent in-house review meetings and with stakeholders should be organized with objective of enhancing operational efficiency.</p> <p>3. Integration of Accounts for a multi-locational entity poses a challenge. It can be addressed by an Integrated accounting software which would cater to the need of an ERP package with linkages to documents relating to other departments as well. With close linkages of the financial parameters of all the departments, integrity of accounts shall also be ensured.</p> <p>4. A monitoring system for any credit sale should be in place which automatically triggers the case which are approaching breach of timelines of credit. This needs to be monitored jointly by Marketing as well as Finance Team with a provision for automatic mail and alert generation with simultaneous escalation to higher authorities.</p> |
|--|--|--|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | | | |
|--|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>5. Control on Wasteful expenditure.</p> <p>6. Non-receipt of Grant-in-aid.</p> <p>7. CAPEX and its monitoring</p> <p>8. Updating Knowledge</p> | <p>5. In-built systems should ensure that the expenditures in the camps are within the limit as per Scheme and Government Guidelines.</p> <p>Looking into the financial implications, the concurring authorities should be well defined and sufficient justification of expenditure should be ensured before any financial concurrence.</p> <p>6. Constant monitoring of Grant-in-aid through weekly MIS system should be in place to request for further Grant-in-aid as soon as the 50% of previous GIA is utilized. The Camp activity planning should have a pre-requisite of ensuring availability of GIA.</p> <p>7. Develop an internal mechanism for effecting proper plan to fully utilize the approved capital expenditure. Regular monitoring of CAPEX budget shall be done to improve the execution. Regular review of expenditure shall be done and if deviations are found, the issues concerning deviations shall be attended promptly.</p> <p>8. Identify skill gap and seek assistance from external consultants/ hire resources with adequate knowledge/experience timely.</p> |
|--|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | | | |
|---|--------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | Compliance / Regulatory | HoD Company Secretariat | <p>1. Failure to monitor or enforce compliance; Monitoring and enforcement mechanisms.</p> <p>2. Consequences of non compliance; and Fines and penalties paid. Time and cost overrun.</p> <p>3. due to unanticipated regulatory changes by State/Central Government.</p> <p>4.Lack of adequate process to ensure that all State and Central laws and regulations are tracked and complied.</p> | <p>1. Review of all the statutory records, returns, forms and documents filed with the Statutory/Regulatory Authorities under the Corporate Laws. Conduct a monthly compliance audit/review of the report the non-compliances</p> <p>2. Secretarial Audit is a tool of risk mitigation and will allow companies to effectively address compliance risk issues. Proactively liaise with Central/ State Government to maintain healthy relations and to ensure that discussions periodic compliance reporting process to identify non compliances.</p> <p>3. Verification of Statutory and Regulatory Compliances ROC, Company Law & Secretarial Compliances</p> <p>4.To enable compliance with appropriate regulations, wherever applicable, through adoption of best practices. To verify as to whether the statutory records maintained are proper, adequate and complete</p> |
|---|--------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | | | |
|---|------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | Technology Risk | HOD SP&C | <p>1. Technology / IT Infrastructure availability (uptime)</p> <p>2. Effectiveness of technology / Obsolescence of technology;</p> <p>3. Applicability of latest IT infrastructure;</p> <p>4. Integration / Interface of the systems;</p> <p>5. Disaster Recovery System.</p> | <p>1. Information Security Management System (ISMS) shall be implemented in order to eliminate or minimize the impact that various security related threats and vulnerabilities might have on ALIMCO</p> <p>2. The ISMS implementation shall be directly influenced by the ALIMCO's objectives, security requirements, processes employed, size and structure.</p> <p>3. By preventing and minimizing the impacts of security incidents, ISMS shall ensure business continuity, confidentiality and integrity of critical information Systems.</p> <p>4. IT Security policy should be developed/ reviewed and implemented to minimize disruption of IT services due to malware attacks and also pilferage of information.</p> <p>5. The organization shall determine its requirements for the continuity of IT infrastructure</p> |
|---|------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | | | |
|---|---------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | Project Risk | HOD Project | <p>1.Lack of effective project monitoring and budgeting controls that may lead to project delays and subsequently result into time and cost overruns, Planning Scheduling and Execution of Projects.</p> <p>2. Adequate Resource allocation and Mobilization.</p> <p>3. Proper monitoring System.</p> <p>4. Implementation of Management Information Systems (MIS).</p> <p>5. Implementation of Knowledge Management System.</p> | <p>1. Develop an internal mechanism for proper monitoring of project execution (integrated scheduling, regular update and corrective actions, cost components). Review effectiveness of procedures project time schedule to improve the planning and execution and avoid time or cost overruns.</p> <p>2. Ensure adequate resource allocation and efficient Mobilization to overcome manpower shortage through effective project monitoring.</p> <p>3. Implement a system to regularly review costs and fix appropriate responsibility centers for managing costs of the project.</p> <p>4. Continuous monitoring of the controllable delays to protect the company from adverse effects of time and cost overruns. Implement Management Information Systems (MIS)that would improve coordination between various departments and enable quick response and prompt decision making as well as bring areas of short-fall that impede projects, to attention.</p> <p>5.Build a Knowledge Management System which will be the repository of all project related information. This system can be used to understand the reasons for hindrances encountered so that new projects can take such factors into account while designing the project monitoring activities.</p> |
|---|---------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | | | |
|---|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | 6. Ensuring Legal clearance wherever required. | 6. Carry out process benchmarking for key business processes and establish standard times for each activity to be completed. The contracts division shall ensure that all legal documents related to clearances and land acquisitions are approved by the authority and are in place before awarding the contract. |
| 6 | Production/ Quality Control & Design & Development | HOD Production/ Quality Control & Design & Development | <p>1- Risks related due to natural disasters , act of terrorism etc that could impact the normal functioning of ALIMCO.</p> <p>2- Obsolescence of technology, machines / equipment/ plant .</p> <p>3- Risks relating to ALIMCO's natural environments and its impact on normal operations considering factors such as</p> <ul style="list-style-type: none"> <input type="checkbox"/> Depletion of natural resources; <input type="checkbox"/> Environmental degradation; <input type="checkbox"/> Spillage <input type="checkbox"/> Pollution. <p>4- Risk related to the loss of critical information like drawings/ design , processes , test results and tenders etc.</p> <p>5- Risk related to losing the business / customers due to obsolescence of product / introduction of product having advanced features by competitors.</p> | <p>1- In the event of such happening, if any, the resources available at other production centers will be augmented to the extent possible to meet the products / service requirement.</p> <p>2- Introduction of latest manufacturing facilities, machines, equipment, technologies and process engineering set-up through modernization.</p> <p>3- Use of alternative raw material, use of eco friendly green technologies, proper storage and handling system to avoid spillage, installation of proper ETP system and air scrubbers for fumes and paints etc.</p> <p>4- With the introduction of latest IT systems, risk for the loss of data/ information could be minimized. Systems will ensure faster retrieval and safe storage of all the information of relevance. Periodic upgradation will fulfill the changing needs and eliminate the risk of obsolescence.</p> <p>5- Strengthen design development to introduce product with latest features. ToT /MoU with leading organizations in the relevant field for product and technological up gradation.</p> |

| | | | | |
|---|----------------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7 | Material Resources (Procurement Risk) | HOD MM Department | <p>1 Timely availability of acceptable quality material;</p> <p>2 Costs and means of acquiring / procuring resources; and the wastage of material resources non settlement of claims of various contractors leading to disputes resulting into arbitration and legal complications Decreasing productivity & thereby increasing cost & time.</p> | <p>1. Implemented a uniform tender approval systems / e-tendering system for avoiding contract litigations that arise due to issues raised on tendering procedures.</p> <p>2 (i) All contracts shall cover the scope of work in detail clearly defining roles and responsibilities of the contractor to avoid litigations due to difference of understanding of scope /timely delivery of contracted items/stores. (ii) A feedback mechanism shall be developed wherein learning from various contracts shall be updated and carried forward to other contracts to make them more robust. Review existing contract templates and create a model clause library after due vetting/understanding the legal and management perspective on contract risks & avoid / Resolve delays in contractor payment immediately to prevent supply / project delays and cost implications.</p> <p>(iii) A dedicated dispute resolution committee shall be constituted by the corporation / division to ensure early settlement of claims. The committee shall work on an ongoing basis throughout the project /procurement execution with adequate financial powers for early detection and settlement of the contractual dispute. The committee shall meet at least once in a quarter to resolve delays in contractor payment and various claims.</p> <p>(iv) Speedy implementation of procurement of high-tech advance state of the art , reliable & upto the mark quality stores/machineries with requisite quality certification etc.</p> |
|---|----------------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | | | |
|---|-------------------------------------------------|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8 | General Risk Applicable to All Department | All HoDs | Fire ,Flood , Earthquake, electric short circuit Enemy Action/Bombing etc Sabotage by Anti social elements | By preventing and minimizing the impacts of incidents proper Insurance of Assists, use of safety devises fire hydrant system. |
| 9 | Marketing Risk | HOD Marketing Department | <p>1. Risk associated with reduction or stoppage of Grant in aid from Ministry. Corporation should have its own intrinsic resources to enhance Non ADIP business.</p> <p>2. Risk arising from sudden increase in demand and supply for critical products and loss of revenues.</p> <p>3. Risk of not adding value/features in the existing range of products and losing market share to competitors.</p> <p>4. Risk of not adding newer products as per market demand especially for new disabilities added by GOI in the market for Divyangjan .</p> <p>5. Lack of training of marketing staff personnel for bidding in e-procurement tenders as most Institutional buyer's/state procurement agencies had shifted to e-procurement.</p> | <p>1. Efforts to increase non-ADIP business by increasing Dealer network CSR business.</p> <p>2. Keep minimum 2 month inventory of fast moving increase production Capacity of all AAPCs</p> <p>3. Design & Development Department to add new features in existing range of ready to use items.</p> <p>4. Design a monitoring mechanism to review the effective implementation of program Plan to build capabilities for participating in competitive bids, by creating a Knowledge Management System by its competitors in order to identify areas where ALIMCO can improve (such as cost and time reduction). Committee as constituted by the Corporation along with DD department may call new parties who had shown new products.</p> <p>5. Adequate training/exposure to be provided to the existing resources to build competencies in competitive bidding. To liaise with State Government's /department/ Directorate and with District collector/ administration to abide with State procedures/ policies.</p> |

| | | | | |
|--|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>6. Risk of loosing market share due to lack of promotional tools and sustainable advertising campaigns /digital marketing to promote ALIMCO products.</p> <p>7. Increasing competition in market Lack of experience in competitive bidding and increased competition.</p> <p>8. Reduction/ obsolescence of resulting into accumulating of non issuing inventory.</p> <p>9. Legal punitive award for any failure of product/accident cause due to design/ manufacturing</p> | <p>6. Product Management Department to be introduced who will promote ALIMCO products digitally specialized platforms.</p> <p>7. Better utilization of resources, increasing efficiency, optimum cost, quality work, timely completion to enhance brand image.</p> <p>8. A dedicated team shall be assigned to gain thorough knowledge The team shall be adequately trained to develop competency in these sectors.</p> <p>9. Do proactive liaising with the Government departments Ensure timely completion of approval process with Government Design a system workflow.</p> |
|--|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

3. RISK ORGANISATION STRUCTURE AT ALIMCO

Risk Management Committee

Constitution of risk Management Committee by the Corporation consisting of following Members

General Manager (Marketing)-Chairman

General Manager (Project & Commercial)-Member

Deputy General Manager (F&A)-Member

Deputy General Manager (MR)-Member

Deputy General Manager (QC)-Member

Deputy General Manager (PD)-Member

Deputy General Manager (MM)-Member

Company Secretary-Member Secretary

CMD is competent to change/nominate/replace the Committee Members

4 Roles and Responsibilities

The Board will review the risk management policies and system periodically

- The Chairman & Managing Director will be responsible for ensuring that the risk management system is established, implemented and maintained in accordance with this policy.
- Assignment of responsibilities in relation to risk management will be the prerogative of the Risk Management Committee.

The Risk Management Committee shall have the key role of identifying the key risks, suggest mitigation measures monitoring and supervising the implementation of the risk Management.

Policy and maintain wide view of the key risks faced by the organisation.

5. ACTIVITY DETAILS FOR MAINTENANCE OF THE RISK MANAGEMENT SYSTEM

The Risk Committee will be the key group which will work on an ongoing basis within the risk framework outlined in this policy to mitigate the risks to ALIMCO's business as it may evolve over time.

Effective maintenance of the system will require the following actions:

- The Risk Management Committee (RMC) will meet periodically to identify specific business risk and analyse the risk in terms of consequences, if the risk materialises.
- Among all the risks identified the Risk Management Committee will prioritise and focus on key risks and their mitigation measures.

6 Evaluation and Control

- 1 Identified risks will be assessed in terms of potential consequences and cost of impact.
- 2 Risks will be ranked in accordance with their likely impact.
- 3 The acceptability of each identified risk will be assessed.
- 4 Proposed actions to eliminate, reduce or manage each material risk will be considered and agreed.
- 5 Responsibilities for the management of each risk will be assigned to appropriate managers.

Based on a cost/benefit assessment of a risk, as is undertaken, some risks may be judged as having to be accepted because it is believed mitigation is not possible or warranted.

7 Monitoring

As the risk exposure of any business may undergo change from time to time due to continuously changing environment, the updation of the Risk Matrix will be done on a regular basis. The following process will be followed:

On an immediate basis

Escalation of risks which have substantial impact to business and meet determined escalation tolerance levels the Risk Management Committee (RMC).

Semi-annually

The Risk Management Committee will report its collective findings to CMD/Audit Committee to the Board on a semi-annual basis.

Annually

- The risk management process is reviewed by the Board for efficiency and effectiveness.
- The risk contexts for each project are reviewed.
- The Risk Management Plan is subjected to annual Risk Audit.

Everyone in ALIMCO is responsible for the effective management of risk. All staff is responsible for identifying potential risks. Management is responsible for developing risk mitigation plans and implementing of risk reduction strategies. The risk management process will be integrated with other planning processes and management activities.

8 Approval of the Policy

The Board will be the approving authority for ALIMCO's overall Risk Management System. The Board will, therefore, monitor the compliance and approve the Risk Management Policy and any amendments thereto from time to time.

