



INDIA EXPOSITION MART LIMITED

**RISK ASSESSMENT, MANAGEMENT AND MINIMIZATION
POLICY OF THE COMPANY**



1. OBJECTIVE

Section 134 (3) (n) of the Companies Act, 2013 requires the Company to frame Risk Management Policy to identify various elements of risk and steps taken to mitigate the same.

Risk Management Policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

2. RISK POLICY:

Risk management refers to the process of identifying and managing threats that could gravely impact or effect the organization's business in any manner. Largely, the process involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats. In the present challenging and competitive environment, it is utmost important to devise and implement strategies for mitigating inherent risks in accomplishing the growth plans of the Company. Common risks include regulations, competition, business environment, technology, investments, retention of talent and expansion of facilities. The policy provides for assessing these risks and necessary steps as deemed appropriate are taken to mitigate the same.

3. RISK MANAGEMENT COMMITTEE:

The Risk Management Committee shall monitor the risk and take necessary actions, if required.

4. ROLES AND RESPONSIBILITIES OF RISK MANAGEMENT COMMITTEE:

- 1) To frame, devise and monitor risk management plan and policy of the Company;
- 2) To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof implement and monitor policies and/or processes for ensuring cyber security;
- 3) To review and recommend potential risk involved in any new business plans and processes and risk-reward performance to align with the Company's overall policy objectives;
- 4) Monitor and review regular updates on business continuity and advise the Board regarding risk management decisions in relation to strategic and operational matters such as corporate strategy; and
- 5) Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or statutorily prescribed under any other law or by any other regulatory authority.”



5. RISK MANAGEMENT FRAMEWORK:

A systematic approach be implemented for periodic assessments of the total risk profile for the entire organization, to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations, and ensuring proactive implementation of steps for mitigating and help achieve stated objectives.

The entity's objectives can be viewed in the context of four categories viz Strategic, Operations, Reporting and Compliance. We consider activities at all levels of the organization, viz. Enterprise level, Division Department level, Business Unit level and Subsidiary level, in our risk management framework. These components are interconnected and drive the entire Risk Management with focus on Risk Assessment; Risk Management; and Risk Monitoring.

6. PROCEDURE OF RISK MINIMIZATION:

The threefold procedure be followed by the designated officers to afford risk minimization, demonstrated as below:

I. RISK IDENTIFICATION

External and internal risk factors that must be managed are identified in the context of business objectives. This involves continuous identification of events that may have a negative impact on the Company's ability to achieve goals. Processes be identified by the Company and their key activities will accordingly be selected for the purpose of risk assessment. Identification of risks, risk events and their relationship are defined on the basis of discussion with the risk owners and secondary analysis of related data, previous internal audit reports, past occurrences of such events etc.

II. RISK ANALYSIS AND ASSESSMENT

Existing controls shall be determined, and risks shall be analyzed in terms of the consequence and in the context of these controls. Risk assessment is the process of risk prioritization or profiling. Once risks are analyzed, the risks shall be assessed as per the pre-established criteria as determined by the Company. In this way, the risks identified will be ranked and prioritized. Through the above-mentioned process, the company can develop plans and devise effective strategies for managing and mitigating the risks which are identified. Furthermore, the company can develop strategies for exploiting opportunities to meet the organizational objectives as stated hereunder:

1. Strategic objectives:-

- Organizational growth
- Comprehensive range of products
- Sustenance and growth of strong relationships with customers
- Expanding presence in existing markets and penetrating new geographic markets



- Continuing to enhance industry expertise
- Enhancing capabilities through technology alliances and inhouse technology developments

2. Operational Objectives: -

- Consistent revenue growth
- Consistent profitability
- High quality productivity
- Developing culture of innovation
- Attracting and retaining human talent and augmenting their training

3. Reporting: -

- Maintaining high standards of Corporate Governance and public disclosure.

4. Compliance-

- Ensuring stricter adherence to policies, procedures and laws / rules / regulations / standards.

III. RISK REPORTING MECHANISM

Risks shall be assessed and identified across the organization and shall be formally reported to the Board, as and when required. Internal control is exercised through policies and systems to ensure timely availability of information that facilitates pro-active risk management.

7. RISK MANAGEMENT AND RISK MONITORING THROUGH RISK MITIGATION MEASURES:

In principle, risks always result as consequence of activities or as consequence of non- activities. Risk Management and Risk Monitoring are important in recognizing and controlling risks. Thus, few risk mitigation measures be adopted for keeping the risks at control levels. Some of the measures are discussed as under as:

RISKS MITIGATION MEASURES

- Risk mitigation measures for Business dynamics and Business operations risks –
 - The Company functions under a well-defined organization structure
 - Flow of information is well defined to avoid any conflict or communication gap between two or more Departments
 - Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads



- Strong HR Department to maintain excellent and cordial relations at all levels of employment
- Risk mitigation measures for Liquidity Risks -
 - Proper financial planning is put in place
 - Budgets and Variance Analysis are prepared to have better financial planning
 - cash flows are prepared
 - Cash management services are availed from Bank to avoid any loss of interest on collections
 - Exposure to Foreign Exchange transactions are supported by LCs and Bank Guarantee and suitable hedging policy
- Risk mitigation measures for Credit Risks –
 - Systems put in place for assessment of creditworthiness of Customers
 - Provision for bad and doubtful debts made to arrive at correct financial position of the Company
 - Appropriate recovery management and follow up
- Risk mitigation measures for Human Resource Risks –
 - The company has a proper recruitment policy for recruitment of personnel at various level in the organization.
 - A proper appraisal system to give yearly increment is in place.
 - Labour problems are obviated by negotiations and conciliation.
 - Activities relating to the welfare of employees are undertaken.
 - incentivize employees to maintain boost the employee’s morale and productivity.
 - Ensure adoption of proper health and safety measures within the premises, including necessary equipments, first aid and safety kits.
- Risk mitigation measures for Disaster Risks –
 - The property of the Company is insured against natural risks, like fire, flood, earthquakes, etc.
 - Fire Hydrants have been installed at all manufacturing locations. Other apparatus like extinguishers filled with chemical, foam etc. have been placed at fire sensitive locations and regular fire safety drills are carried out.
 - First aid training is given to watch and ward staff and safety personnel. Workmen of the company are covered under ESI, EPF, etc., to serve the welfare of the workmen.
- Risk mitigation measures for System Risks and Cyber-attacks –
 - The Systems Administrator monitors and upgrades the systems on a continuous basis.
 - Password protection is provided at different levels to ensure data integrity.



- Licensed software is being used in the systems.
- The Company ensures "Data Security", by having access control/restrictions.
- Use effective software to restrict cyber-attacks.

➤ Legal Risks:

These risks relate to the following -

- Contract Risks, Contractual Liability, Frauds, Judicial Risks Insurance Risks, Patent, Design and Copyright Infringement Risks.
- Legal risk is the risk in which the Company is exposed to legal action.
- 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 exposure.
- The Company engages professionals, advisors who focus on evaluating the risks involved in a contract, ascertaining our responsibilities under the applicable law of the contract, restricting our liabilities under the contract, and covering the risks involved, to meet the general and specific requirements so that they can ensure adherence to all contractual obligations and commitments.
- The Company has established a compliance management system in the organization supported by Secretarial Audit Reports by Practicing Company Secretaries.

➤ Residual Risks:

Residual risk is a risk that remains after Risk Management options have been identified and action plans have been implemented. It also includes all initially unidentified risks as well as all risks previously identified and evaluated but not designated for treatment at that time. Such risk shall be periodically assessed and managed considering the nature, scope, extent and gravity

POLICY REVIEW:

The Board, subject to applicable laws, may amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board or such committee in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

The policy shall be reviewed by the Risk Management Committee, as and when required.

In the event of any conflict between the provisions of this policy and of the applicable law dealing with the related party transactions, such applicable law in force from time to time shall prevail over this policy.
