
Risk Management Policy

MEANING OF RISK:

According to Oxford Dictionary meaning, term “risk” means a chance or possibility of danger, loss, injury or other adverse consequences.

RISK MANAGEMENT:

Risk management is attempting to identify, assessment, minimization and then management of threats that could severely impact or bring down the organization. Generally, this 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.

i). The Board, its Audit Committee and executive management of the Company should collectively identify the risks impacting the company's business and document their process of risk identification, risk assessment, risk minimization as a part of a risk management policy or strategy.

ii). The Board should also affirm and disclose in its report to members that it has put in place a risk management policy to be followed in the company, which shall be monitored and assessed once every six months by the Board. The disclosure should also include a statement of those elements of risk, that the Board feels, may threaten the existence of the company.

LEGAL FRAMEWORK OF RISK MANAGEMENT:

In compliance with Clause 49 of the Listing Agreement, the company is required to lay down procedure for risk identification, assessment, minimization and then management of business, operational, strategic and regulatory risks, which is to be periodically reviewed by the Board. As well as the policy shall include the procedures to inform Board members about the risk management and minimization procedures.

In line with the Company's commitment to deliver sustainable value, this policy aims to provide an integrated and organized approach to evaluate and managing risks. Risk assessment monitoring is included in the Company's annual Internal Audit programme and recommendations received by the Audit Committee at regular intervals.

The Board is periodically updated on the key risks and the steps and processes initiated for reducing and, if feasible, eliminating various risks. Business risk evaluation and management is an ongoing process within the Company.

DISCLOSURE IN BOARD'S REPORT:

Board of Directors shall include 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.

RISK STRATEGY:

The Company believes that risk is an integral and unavoidable component of any business and committed to managing the risk in a proactive and effective manner. The Company further recognizes that the Risk cannot be eliminated. However, it can be:

- **Transferred** to another party, who is willing to take risk, by subscribing an insurance policy or entering into a forward contract;
- **Reduced**, by having good internal controls;
- **Avoided**, by not entering into risky businesses;
- **Shared**, by following a middle path between retaining and transferring risk.

RISK ASSOCIATED WITH THE COMPANY:

Business Risk:

The company is in the business of manufacturing, marketing and servicing of Consumer Electronic products including LED TVs, Home Theaters, mobile phones, Tablet Computers, CRT TVs and its components and household & Life Style Products. A detailed identification of the business risks is to be done in consultation with the concerned departments in the company. Each of the business risk should be evaluated in detail and reviewed periodically. Technological Obsolescence is playing largest role in the business risk associated with the Company. Change of choice of consumers is the major risk for established companies like us in the Consumer electronic market.

Regulatory Risk

The operations and business of the Company is exposed to many regulatory authorities Such as RoC, SEBI, RBI, Legal Metrology Dept., Central Board for Excise and Customs, Income Tax, Sales Tax authorities and other revenue authorities, etc.

Competition

The sector of the Company's business is rapidly growing and highly competitive and there are very big players in the same sector, therefore only those companies having products with exceptional technologies and innovative designs can survive.

Political Risk

Any adverse change in the political environment in the country, would have an impact in growth strategies of the company. As policies of the country also changes with the change in government, however, our Country's economy is in positive pace now and due to compulsions of global competitive forces, are stabilising its industrial & labour policy with considerable reforms to attract foreign investment in various spheres.

Foreign Exchange Risk

Company transacts a major portion of its business through Export & Imports of the products in which company deals. We are exposed to, evaluate and measure those risks which relates to fluctuations in Foreign Exchange, managing those risks, regular monitoring and reporting to management.

OBJECTIVES OF THE RISK MANAGEMENT POLICY:

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability.

IMPLEMENTATION:

For the compliance of amended Clause 49 of the Listing Agreement (that comes in effect from 1st October, 2014), every Listed Company shall lay down the procedure for risk assessment and procedure for risk minimization.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

Every Head of Departments shall also give details regarding any apparent risk and prospective opportunities relating to their departments on quarterly basis to the Risk Management Committee.

APPLICATION

The Risk Management Policy applies to all areas of the Company's operations and business.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE

A Risk Management Committee shall be constituted by the company consisting of such number of directors (executive or non-executive) as the Company thinks fit and senior executive of the company may also be the members. However, the majority of the committee shall be shall consist of members of the Board and the Chairman shall be a member of the Board.

The Board shall define the roles & responsibilities of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

REVIEW AND AMENDMENTS

This policy shall be reviewed at a minimum at least once in a year to ensure it meets the requirements of legislation & the needs of organization. The Company reserves its right to amend or modify this Policy in whole or in part as circumstances so warrants, at any time without assigning any reason whatsoever.