



RISK MANAGEMENT POLICY

INTERARCH BUILDING PRODUCTS LIMITED



1. TERMS

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organisation continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realised.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

2. REGULATORY/LEGAL FRAMEWORK

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 organization. The new Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of Section 134(3) of the Companies Act, 2013 necessitate that the Report of the board of directors ("Board") of Interarch Building Products Limited ("Company") 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. Furthermore, Regulation 17(9)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan 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

3. IMPLEMENTATION

The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks. Accordingly, the Board has adopted this Policy at its meeting held on 15th January, 2024, which can be amended from time to time.

The risk management committee formed by the Board and risk management committee shall periodically review at least every year 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.

4. OBJECTIVE

The main objective of this 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.

The specific objectives of this Policy are:

- 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.
- To establish a framework for the company’s risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

5. APPLICABILITY

This Policy applies to all areas of the Company’s operations. This Policy is applicable to all the functions, departments and geographical locations of the Company.



6. CONSTITUTION OF RISK MANAGEMENT COMMITTEE FOR RISK MANAGEMENT

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 management controls the risk through properly defined network.

1. Mr. Gautam Suri, Director (Chairperson);
2. Mr. Sanjiv Bhasin, Independent Director (Member);
3. Mr. Arvind Nanda [Managing Director] (Member) and
4. Mr. Dhanpal Arvind Jhaveri (Nominee Director)(member)

7. RISK IDENTIFICATION

In order to identify and assess material business risks, the Company defines risks and prepares risk Registers in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

8. RISK FACTORS

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

- **External Risk Factors**
- **Economic Environment and Market conditions**
- **Political Environment**
- **Competition**
- **Revenue Concentration and liquidity aspects**

Each business area of products has specific aspects on profitability and liquidity. The risks are therefore associated on each business segment contributing to total revenue, profitability and liquidity.

- **Technology Obsolescence**

The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.

- **Legal**

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.

- **Fluctuations in Foreign Exchange-**

The Company has currency exposure in case of sales, purchases and other expenses. It has natural hedge to some extent and also as per discussions with foreign exchange consultant, the Company hedges the exports for the balance net surplus (Export less imports).

- **Internal Risk Factors like**

- a. Operational Efficiency
- b. Hurdles in optimum use of resources
- c. Quality Assurance



- d. Environmental Management
- e. Human Resource Management
- f. Culture and values

9. RISK MANAGEMENT REGISTERS

The Company presently focuses on the following types of material Risk Management Registers:

- a. Corporate General Strategic Risk
- b. Corporate Strategic Risk for Competition
- c. Sales & Marketing Strategic Risk
- d. Supply Chain Operations Risk
- e. Human Resource Strategic Risk
- f. Human Resource operations Risk
- g. MIS Financial Risk
- h. Regulatory Compliance Risk
- i. Compliance Risk for Health, Safety & Environment
- j. Strategic Information Technology Risk
- k. Financial Accounting Risk

10. RESPONSIBILITY FOR RISK MANAGEMENT

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes be integrated with other planning processes and management activities.

11. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Managing Director and Board of Directors have the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control and take action accordingly.

12. REVIEW

This Policy shall be reviewed from time to time to ensure it meets the requirements of legislation and the needs of organization.

13. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company