



ALP AEROFLEX INDIA PRIVATE LIMITED

RISK MANAGEMENT POLICY

REGISTERED OFFICE:

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Near Oberoi Farms, New Delhi-110061
CIN: U74140DL2011PTC220003



ALP AEROFLEX INDIA PRIVATE LIMITED RISK MANAGEMENT POLICY

1. VISION

To develop organizational wide capabilities in Risk Management so as to ensure a consistent, efficient and effective assessment and management of risk in the achievement of the organization's objectives.

2. PREAMBLE

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the corporate environment.

Risk is inherent in all administrative and business activities. Every member of the Organisation continuously manages risk. Formal and systematic approaches to managing risk have evolved and they are now regarded as good management practice. As a consequence we acknowledge that the adoption of a strategic and formal approach to risk management will improve decision-making, enhance outcomes and accountability.

The aim of this policy is not to eliminate risk, rather to manage the risks involved in all activities of the Company to maximize opportunities and minimise adversity. ALP Aeroflex India Private Limited ("AAIPL" or "the Company" believes that the Risk cannot be eliminated.

However, it can be:

- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- Reduced, by having good internal controls;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.



Further, 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 mission critical threats are realised.

Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

3. OBJECTIVE & PURPOSE OF POLICY

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 the Risk Management Policy are:

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

4. SCOPE

This Policy Standard sets out the detailed requirements and minimum levels of achievement necessary to implement the risk management elements of the business. The policy facilitates management about risks associated with our activities and minimizes the impact of undesired and unexpected events.

Taking and managing appropriate levels of risk is an integral part of all our business activities. Risk Management, performed rigorously and comprehensively, creates



stability, indirectly contributes to profit and is a key element of reputation management.

5. DEFINITIONS

- a) **"Board of Directors" or "Board"** in relation to a Company, means the collective body of Directors of the Company. [Section 2(10) of the Companies Act, 2013]
- b) **"Policy"** means Risk Management Policy.
- c) **"Risk"** means the chance of something happening that will have an impact on the achievement of the Organisation's objectives. Risk is measured in terms of consequences and likelihood.
- d) **"Risk Assessment"** means the systematic process of identifying and analysing risks.
- e) **"Risk Management"** means the systematic way of protecting business resources and income against losses so that the objectives of the Group can be achieved without unnecessary interruption.
- f) **"Risk Management Process"** means the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

6. REGULATORY FRAMEWORK/ REQUIREMENT

Risk Management Policy is framed as per the following regulatory requirements:

Provisions of the Section 134(3)(n) of the Companies Act, 2013:

There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include-

- (n) 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.



7. RISK MANAGEMENT APPROACH

AAIPL adopts systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. AAIPL believes that this would ensure mitigating steps proactively and help to achieve stated objectives.

8. RISK FACTORS

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

External Risk Factors:

- a) Economic Environment and Market conditions
- b) Political Environment
- c) Competition
- d) Revenue Concentration and liquidity aspects
- e) Inflation and Cost structure
- f) Technology Obsolescence
- g) Legal risk
- h) Fluctuations in Foreign Exchange

Internal Risk Factors:

- a) Project Execution
- b) Contractual Compliance
- c) Operational Efficiency
- d) Hurdles in optimum use of resources
- e) Quality Assurance
- f) Environmental Management
- g) Human Resource Management
- h) Culture and values

9. DISCLOSURES

The disclosures relating to Risk Management Policy shall be made in the following manner:



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.

10. REVIEW

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy.