<u>Pushpsons Industries Limited</u>

(Risk Management Policy)

Introduction

For the growth and success of an organization, it is essential to deal with full potential, actively and systematically with associated RISK. Risk Management plays an essential role in every organization. Risk from an organization point of view is anything that may affect the achievement of an organization's objectives.

The risk management means reasonable acting in a risk situation, so that assets of the organization may be protected. In short, Risk Management is a systematic use of management policies, procedures for risk identification, assessment, evaluation, analysis and management.

This policy is in compliance with the amended Clause 49 of the Listing Agreement which requires the Company to lay down procedure for risk assessment and minimization.

Purpose and Objective

a. To identify risk, develop appropriate risk mitigation strategies & policies and monitor in operations and activities of the organization.
b. To highlight the systematic study safeguards against threats, loss and damages of brand, reputation and assets of the Company.
c. Prepare for risks before they happen.
d. Managing material business risks awareness, internally report to the responsible person and to the Board in order to improve outcomes and achievement of objectives of the organization.

Risk Management Process

a. Understand the nature and extent of risks facing.

b. Provides an assessment of the likelihood and consequences of the risk

c. Details further action to eliminate, reduce, transfer, manage or accept each risk;

d. Considering the Company's risk tolerance level that drives the overall risk

Heads 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.

Risk Sources

Operational Risk: • Process Risks • People Risks • Technology Risks • Personnel safety • Facilities security	Business Risk: • Competition & Demand • Price Risk • Credit Risk • Industry / Sector risk

Financial Risk : • Resources to finance its activities. • Loss of revenues • Exchange rate losses • Purchasing practices • Insurance risks like fire, strike, riots	Political Risks: • Elections • War risks • Country / Area Risks • Fiscal Policy Risks
Legal & Regulatory Risk • Contract Risks • Permits & Licenses • Statutes • Frauds	System Risk: • Data security and management • System Capacities • System reliability • Obsolescence risks • Data integrity risks
Reputation Risk: • Failing to manage effectively compliance, financial, operations, or strategic risks	Environmental Risks: • Environmental pollution • Natural Risks like fires, floods, earthquakes etc

Risk Management Avoid:
Avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk. Removing the risk source.

Mitigate:
Changing the likelihood. Changing the consequences (impact)

Transfer:
Sharing the risk with another party or parties (including contracts and risk financing).

Accept:
Retaining the risk by informed decision. Taking or increasing the risk in order to pursue an opportunity.

Review:

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.

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