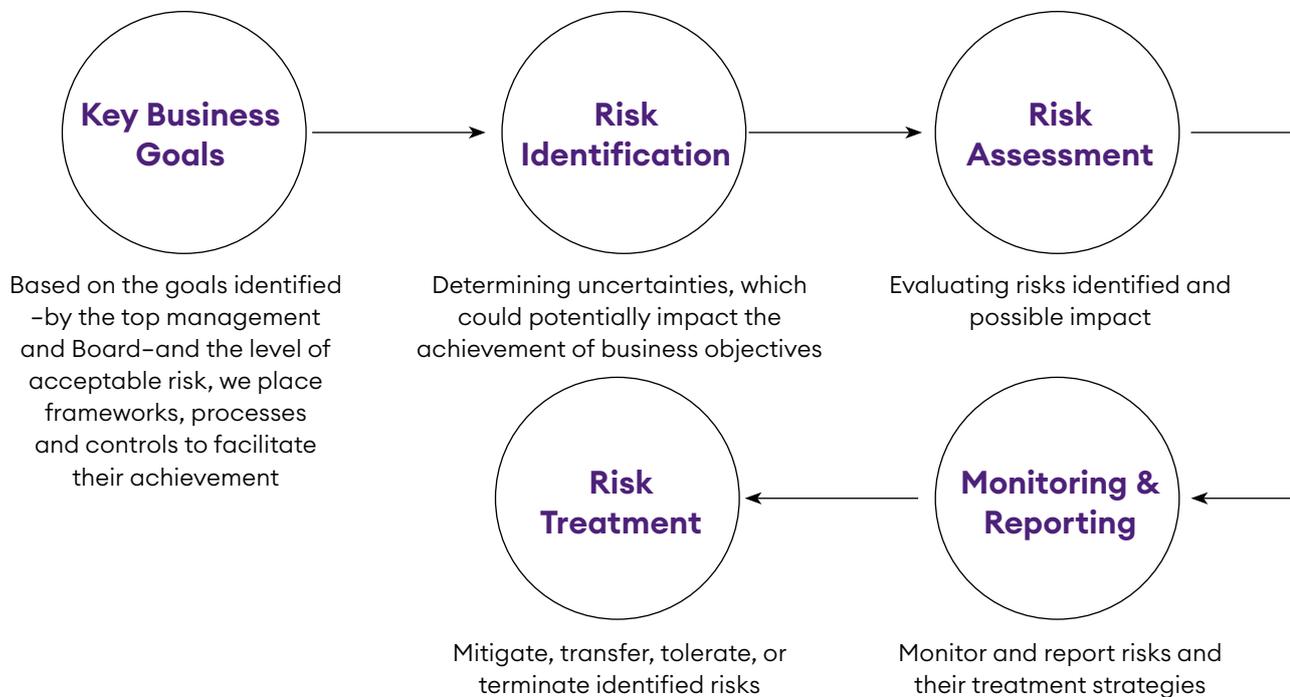


Risk Management

Balancing risks and opportunities

A dynamic operating environment brings with it inevitable internal and external risks. Our rigorous approach prepares us to adapt to contingencies and stay ahead of the curve

Risk Management Process



Risk Management Committee



Mr. T. P. Ostwal
Chairperson



Mr. Inder T. Jaisinghani
Member



Mr. Bharat A. Jaisinghani
Member



Mr. Nikhil R. Jaisinghani
Member



Mr. Gandharv Tongia
Member



Mr. R. S. Sharma
Member



Mr. Bhaskar Sharma
Member

Brief Overview of Risks

R1 Operational Risks

Distribution Network

Risk Description

Risk of inability to grow/ sustain distribution network may affect our ability to meet targets – Material

Mitigation Measure

- > Project LEAP initiatives
- > Comprehensive market assessment
- > Regular feedbacks collected from dealers by sales coordinators
- > Offering competitive ROIs
- > Dealer portal application (P Connect) launched where dealers can independently book sales order, view their outstanding status, relevant price list applicable to them, catalogue, balance confirmation, etc.

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Threats to Information Security

Risk Description

Arising due to unauthorised breach of our information network, causing interruption to normal functioning of the systems – Material

Mitigation Measure

- > Robust IT security system
- > State-of-the-art IT assets
- > Effective software system & servers
- > Cloud-based applications

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Technological Lag and Inadequate Adaptation

Risk Description

Inability to evolve and address digital, channel/ business model innovation, automation, and evolving GTM needs, and keeping pace with market-driven changes ('technology laggards')

Mitigation Measure

- > Digital roadmap laid out with both B2B and B2C business with clear milestones. Set up Digital Council to check progress on roadmap
- > Upgrading ERP system
- > Revamping of power BI dashboard
- > Dashboards and scorecards for salesperson automated on CRM
- > Launch of structured influencer management programme – first in industry

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Risk Management

R1 Operational Risks (continued)

Customer Service and After-sales Management

Risk Description

Risks related to poor customer service and/or after-sales service, including non-availability of spares (FMEG segment) may affect the brand negatively – Material

Mitigation Measure

- > Investment in customer service platform and call centre tool
- > Training the customer service teams to ensure prompt grievance redressals and spares availability

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Supply Chain Interruptions

Risk Description

Risks related to discontinuation at the end of key suppliers, leading to disruptions in the regular production process – Material

Mitigation Measure

- > Setting up a reliable network of alternative suppliers through effective diversification of the supply chain and reducing over-dependence, enabling us to continue the smooth functioning of the production process
- > Advance supply chain management system, integrated with ERP to minimise stockouts at depots
- > Mobile supply chain application to track the movement of goods from source to finished goods/scrap

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Quality Assurance Threats

Risk Description

Risk related to products/services of sub-standard quality reaching customers – Material

Mitigation Measure

- > Robust quality control processes
- > NABL-certified, world-class, in-house lab
- > International certifications
- > Dedicated QA team

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



R1 Operational Risks (continued)

Environment, Climate, as well as Employee Health and Safety

Risk Description

Risks related to climate change, including natural calamities, other environmental disruptions, and employee health and safety – Material

Mitigation Measure

- > Various product and site certifications ensure the highest levels of health and safety, such as
 - ISO 9001:2015
 - 14001:2015
 - OHSAS
 - UL
 - BASEC
 - IEC
 - 45001:2018
- > Increased use of renewable energy, better water and waste management

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



R2 Strategic Risks

Geopolitical and Social Instability

Risk Description

Risks stemming from political and social situations, leading to disturbances within the business environment – Critical

Mitigation Measure

- > Geographic diversification of manufacturing, supply chain, and market. This ensures that location-specific issues do not bear an extensive impact on operations
- > Insurance

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Changing Customer Preferences

Risk Description

Risk of changing customer preferences and existing technologies becoming obsolete – Material

Mitigation Measure

- > Market assessments and surveys to understand consumer pulse, corroboration with influencers
- > NABL ISO 17025 certified R&D centre with over 90 engineers and technicians employed
- > Centre of Excellence for R&D on polymers and other raw materials to stay ahead of the curve

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Risk Management

R2 Strategic Risks (continued)

Succession Planning

Risk Description

Inadequacy in succession planning may adversely affect the achievement of business targets – Material

Mitigation Measure

- > Well-defined and documented policy for all key personnel
- > Skill-set assessment and training of middle and senior management

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Threat from Competition

Risk Description

Risk arises from fierce competition posed by both established players and new entrants, who employ aggressive pricing strategies, as well as the particular growth observed in the unorganised sectors

Mitigation Measure

- > Strong branding: Partnering with ICC to become the official partner for ICC tournaments.
- > Strengthening retail wire: Distribution and portfolio expansion, along with influencer programme.
- > Introduction of margin accretive products.
- > Capturing rapidly growing market segments (such as EPVC) with superior products
- > Switchgear growth strategy
- > B2C Secondary & Tertiary scanning improvement

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



R3 Financial Risks

Foreign Exchange Rate and Commodity Price Fluctuations

Risk Description

Risk related to fluctuating foreign exchange rates and volatility in pricing of input commodities, including metals such as copper and aluminium – Material

Mitigation Measure

- > Risk Management Committee reviews compliance with Board- approved currency and commodity hedging strategy.
- > Documented commodity and foreign exchange risk management policy
- > Robust hedging framework which encompasses contracts with embedded derivatives as well as forward contracts
- > Automatic pricing module integrated with ERP
- > Metal advance pricing module for the procurement team

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



R4 Compliance Risks

Statutory Compliance Failures

Risk Description

Risk related to non-compliance with statutory guidelines, including various rules and regulations under different statutes
- Material

Mitigation Measure

- > Compliance tool and tracker implemented with compliance owner mapped
- > Respective departments are given timely alerts to ensure adherence to regulations

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Protection of Intellectual Property Rights (IPRs)

Risk Description

Risk related to breach of IPRs, or infringement of copyrights or unfair usage of our IPRs
- Material

Mitigation Measure

- > Safeguarded brands, trademarks, licences and other IPRs
- > Appropriate legal action is undertaken for illegal usage of our IPRs
- > External consultant on-boarded for market surveys

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Contractual Liability

Risk Description

Risk of being liable due to non-fulfilment of contractual obligation
- Material

Mitigation Measure

- > All contractual obligations closely monitored and fulfilled with due diligence

Risk Movement



Impact

Capitals Impacted



Stakeholders Impacted



Financial capital



Manufacturing capital



Social and relationship capital



Intellectual capital



Natural capital



Investors



Customers



People



Value chain partners



Environment



No Movement