# RISK MANAGEMENT POLICY

## 1. PREAMBLE:

Fonebox Retail Limited ("Company") is engaged in the business of multi-brand retail selling of Smart Phones and allied accessories from manufacturers like Apple, Samsung,Oppo, Realme, Nokia, Vivo, Redmi, Techno, One Plus and Xiaomi. The Company is also engaged in multi-brand retail selling of consumer durable electronics goods like Smart TVs, Air Conditioners, Fridges, Washing Machines etc. from brands like TCL, Haier, Diakin, Voltas, etc.

Risk is a combination of the probability of an event and its consequences which are likely to be negative. A business risk is like a threat which leads to non-fulfillment of objectives of the business on the occurrence of certain event(s), therefore, the management has to focus on prevention and mitigation of risks.

Risk Management is the identification, assessment, communication and prioritization of risks followed by preventive measures to minimize, monitor and control the probability and negative impact of uncertain events. The common risks inter alia are Business Operations risks,Liquidity risks, Credit risks, Market/Industry risks, System risks etc.

## 2. STATUTORY / LEGAL REQUIREMENTS REGARDING RISK MANAGEMENT POLICY

### A.) Companies Act, 2013:

The provisions of Section 134 (3)(n) of the Companies Act, 2013 necessitate that the Board's Report 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.

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 internal financial controls and risk management systems.

### B.) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

i. **As per Regulation 17(9)(b),** the Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

ii. **As per Regulation 21 read with Para C of Part D of Schedule II,** a detailed Risk Management Policy shall be formulated.

Considering the above requirements, the Board of Directors of the Company at its meeting held on 05th September, 2023 has approved the Risk Management Policy and shall be effective from 05th September, 2023. This Policy shall be uploaded on the Company's website www.fonebook.in.

## 3. DEFINITIONS AND INTERPRETATIONS:

A.) **"Act"** means the Companies Act, 2013 read with the rules framed thereunder (including any modification(s) / amendment(s) / re-enactment(s) thereof);

B.) **"Board of Directors" or "Board"** means the Board of Directors of the Company;

C.) **"Company"** means Fonebox Retail Limited;

D.) **"SEBI Listing Regulations" or "Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any modification(s) / amendment(s) / re-enactment(s) thereof);

E.) **"The Policy" or "This Policy"** means Risk Management Policy as amended by the Board from time to time;

Words and expressions used and not defined in this Policy shall have the same meanings respectively assigned to them in the Act and/or Regulations, as amended from time to time.

## 4. OBJECTIVES OF THIS POLICY:

The main objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the business of the Company.

The broad objectives of the Risk Management Policy are:

a) To assist the Board with regard to the identification, evaluation and mitigation of internal and external risks like financial, operational, sectoral, sustainability, information, cyber security risks etc.
b) To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed,
c) To define appropriate methodology, processes and systems to monitor and evaluate risks associated with the business of the Company,
d) To establish a framework for the Company's risk management process and to ensure its proper implementation,
e) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices and procedures.

## 5. METHODOLOGY:

a) Identify the risk – What could happen ? How and why it could happen ?
b) Analyze the risk – How frequently is it likely to happen and what are the possible consequences?
c) Evaluate and prioritize the risk – Relevant internal controls are considered and evaluated and a decision is made as to whether these controls are adequate and appropriate to mitigate the level of risk and whether or not further controls are required to reduce the risk to an acceptable level.
d) Treat the risk – Appropriate risk mitigation and prevention measures are evaluated and selected.

## 6. RISKS ASSOCIATED WITH THE COMPANY AND THEIR MITIGATION MEASURES:

**A.) Business Operations Risks:**

- Organization and management risks,
- Business interruption and Business dynamic risks,
- Profitability risks etc.

Risk mitigation measures:

- Well-defined organizational structure,
- Proper flow of information to avoid any conflict or communication gap between two or more Departments,
- Maintain sufficient stocks of inventories,
- Expanding the business to other markets and areas.

**B.) Liquidity Risks:**

- Financial solvency,
- Borrowing limits,
- Cash management risks.
- Interest rates risks etc.

Risk mitigation measures:

- Annual and Quarterly Budgets and Variance Analysis Reports to be prepared to have better financial planning,
- Daily and monthly cash flows to be prepared,

**C.) Credit Risk:**

- Risks in settlement of dues by clients,
- Provision for bad and doubtful debts.

Risk mitigation measures:

- Efficient systems for assessment of credit worthiness of Customers,
- Provision for bad and doubtful debts to be made to arrive at correct financial position of the Company,
- Appropriate recovery management and follow up.

**D.) Logistics Risks:**

- Use of outside transport sources.

Risk mitigation measures:

- Exploring possibility of in-house logistic mechanism if possible.
- Possibilities to optimize the operations, by having a combination of transportation through road/rail.
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**E.) Market Risks / Industry Risks:**

- Demand and Supply Risks,
- Interruption in delivery of products in time,

Risk mitigation measures:

- Alternative sources of transportation to be developed for uninterrupted supply of products,
- Decide the modes of delivery of goods by continuous monitoring the changes inthe market,
- Proper inventory control systems.

**F.) Human Resource Risks:**

- Employee Turnover Risks involving replacement risks, training risks, skill risks,etc.
- Unrest risks due to Strikes and Lockouts.

Risk mitigation measures:

- Proper Recruitment Policy for recruitment of personnel at various levels in the organization,
- Proper Appraisal System to evaluate individual performance and give duerecognition to well performers,
- Employees to be trained at regular intervals to upgrade their skills,
- Staff problems to be settled by negotiations and conciliation,
- Activities relating to the Welfare of employees to be undertaken.

**G.) Disaster Risks:**

- Natural risks calamities like Fire, Floods, Earthquakes, Pandemic etc.

Risk mitigation measures:

- The property of the Company to be get insured against natural risks, like fire, flood, earthquakes, etc.
- Fire extinguishers to be placed in the offices,
- First aid training to be given to staff,
- Staff of the Company to be get covered under EPF, etc.

**H.) System Risks:**

- System capability and reliability risks,
- Data integrity risks and system hacking risks,
- Coordinating and interfacing risks.

Risk mitigation measures:

- IT Department to maintain, repairs and upgrades the systems on a continuous basiswith personnel who are trained in software and hardware,
- Password protection to be provided at different levels to ensure data integrity,

- Licensed software to be being used in the systems,
- Regular and periodic backup of all relevant information.

**I.) <u>Legal Risks:</u>**

- Contract Risks and Contractual Liability,
- Frauds,
- Judicial Risks,
- Insurance Risks,
- Any legal suits, claims, proceedings etc. against the Company.

<u>Risk mitigation measures:</u>

- A detailed study of all contracts with focus on contractual liabilities, deductions, penalties and interest conditions to be carried out,
- Timely payment of insurance and full coverage of properties of the Company under insurance,
- Timely payments of all the statutory/regulatory dues, employees' dues,
- Effective internal control systems to detect any frauds and also to ensure that the intellectual property of the Company is protected.

## 7. RESPONSIBILITY FOR RISK MANAGEMENT:

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

## 8. REVIEW OF THE POLICY:

This Policy shall be reviewed at least once in every three years considering the changing industry dynamics and evolving complexity and the needs of the Company.

## 9. MODIFICATIONS:

This Policy may be modified, as may deem fit and proper by the Board of Directors of the Company. Any subsequent amendments in the SEBI Listing Regulations / the Companies Act, 2013 in this regard, shall automatically apply to this Policy.

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