

HGM

RISK MANAGEMENT AND MITIGATION POLICY

1. Scope and Purpose

HandsOn Global Management Limited (“HGM” or the “Company”) recognize that risk is an inherent component of doing any business.

The Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015, have provisions regarding entails the requirements to have the risk management policy and its implementation. The applicable provisions are reproduced herein below:

- a) 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;
- b) 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; and
- c) Regulation 18(3) of SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015 cast duty on Audit Committee to evaluate the risk management systems of the Company.

In line with the above requirements, the Company had frame and adopted this “Risk Management and Mitigation Policy” (the “Policy”) of the Company.

The main purpose 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 Company’s business.

2. OBJECTIVE

Risk is an inherent component of doing any business. The Policy is an integral part of the Company’s core process and involves its, monitoring on continues basis and controlling of the internal functions and the associated business risks, via a comprehensive and reporting framework. The objective of the Policy is to identify the risks which may impact its business and to take appropriate measures to mitigate their impact.

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3. RISK MANAGEMENT AND FRAMEWORK

The Company had set up an appropriate framework to addresses all the significant risks of the businesses as envisaged by the management from time to time based on previous experience and factors of doing business with customers. A comprehensive risk mitigation process is been put in place by the Company covering all its business aspects including people involved, compliance with applicable laws and operational parameters of its business.

4. RISK FACTORS

The company has identified the significant risks which are critical to business of the Company and has taken steps to mitigate each of the identified risks:

I. Business model related risk:

The significant part of the revenues is derived from services provided to associate entities of the Company who are customers of the Company. The business model for revenue of the Company is based on cost plus mark up for contracts with customers. The significant revenue contracts are with these associate entities. The wage cost is major risks which may not be acceptable to customers due to change in minimum wages requirements. In order to mitigate the risks management of the Company in continues endeavour keep appraised its customers about any change in cost factors well in advance.

II. Financial risks:

The financial risks comprise of following major risks: -

- a) Foreign currency fluctuations: - Almost 100% of revenue accrues in US Dollars and its expenditure is incurred in the Indian Rupees. Therefore, there is risk exposure due to adverse fluctuation of exchange rate between the US Dollar and the Indian Rupees. In order to mitigate the risk, the Management tracks foreign currency movements closely and take appropriate steps for conversion.
- b) Financial investment:-On a conservative approach the surplus funds of the Company are invested in fixed deposits with banks. Such investment is expose to risk related to volatility of interest rate on fixed deposits. To mitigate the risk of interest rate the management closely tracks movement of rate change with banks and place/renew fixed deposit for such period as desired fit.

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- c) Credit risk: - Almost whole of the revenue of the Company comes from the customers who are associate entities. It is exposed to risk of delay in collection of billed invoices. To mitigate such risk pre-define credit period is mentioned in contract entered and the same is followed for receiving payments from customers.

III. Investment risks:

The Company through its wholly owned subsidiary/ies holds investments/stake in entities. The Company is exposed to the risk of value of investment/stake getting effected due to performance of the investee entity. To mitigate such risk, the management of the Company keeps constant liaison with investee company and the Board of the Company is being kept informed about necessary information on timely basis.

IV. Operational risks:

The operations of the Company is human intrinsic and is required to inducts and train people for carrying out operations of the Company. These costs such as salary, allowance and training expenses which are in nature of fixed cost. Therefore, the Company is exposed to risks of operational performance. If the performance is lower than expected from the operators, it could have impact on profitability.

So to mitigate such risks the Company had placed proper MIS among the operational head and the management and is monitored closely to root out the gap between expected performance and under performance.

V. Information Technology Risk:

The business operations of the Company largely/ mostly dependent on systems involving computers/ servers. There is a risk of hacking due to advancement in technology which may affect business of the Company. In order to mitigate the exposure of this risk the Company had appropriate anti hacking multi layered systems in place which are periodically reviewed by the management.

VI. Legal, Compliance risks:

Doing business entails to comply with applicable laws and regulations. There is a risk on account of inadvertent non-compliance with laws would expose the Company to fine and penalties. In order to mitigate such risk the management had created a compliance framework and made functional head responsible for compliances in their respective functional areas. The Board is appraised upon the compliance status on quarterly basis.

VII. Social Media Risk:

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As the Company being a public listed entity, it is exposed to risks of any inappropriate disclosure made by any employee in social media which could entail action against the Company from stock exchanges where the shares of the Company are listed. In order to mitigate such risk the employees and management including board members strictly adheres to the code of “Fair Disclosure Code” of the Company.

VIII. Business Continuity and Disaster Recovery:

In order to mitigate these risks and to ensure continued delivery of services to customers irrespective of any disturbances the Company has implemented strong systems and processes for physical and network security, back-ups of data across different locations so as to enable in taking appropriate measures in respect of disaster recovery and business continuity.

5. RESPONSIBILITY FOR RISK MANAGEMENT

All the Senior Executives under the guidance of Board of Directors has the responsibility for over viewing management’s processes and results in identifying, assessing and monitoring risk associated to the Company’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. Every employee of the Company is responsible for the risk management. Management is responsible for the risk mitigations plans and implementation of the same including the risk reduction strategies.

6. REPORTING

All responsible people like team leader, head of department should report to the Board or Audit Committee or such personnel as may be designated by the Board of such purpose.

7. AMENDMENTS

All amendments to the Policy would be subject to approval by Board of Company except in case the amendment in the Policy is necessitated on account of change in the applicable law.