

**RISK MANAGEMENT POLICY**

**1. BACKGROUND**

Magick Woods Exports Private Limited (the Company) is engaged in the manufacture and marketing of a range of bath vanities and modular kitchen products. The business activities of the Company carry various internal and external risks. The Company believes that risk is an integral and unavoidable component of business and is committed to manage the risk in a proactive and effective manner. 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.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same

**1. DEFINITION**

**1.1 Risk**

Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.

**1.2 Risk Management**

Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

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Magick Woods Exports Pvt. Ltd. (Formerly known as Indycs Solutions (India) Pvt Ltd)  
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CIN: U74110TN2005PTC057634



### 1.3 Risk Strategy

The Risk Strategy of a company defines the company's standpoint towards dealing with various risks associated with the business. It includes the company's decision on the risk tolerance levels, and acceptance, avoidance or transfer of risks faced by the company.

### 1.4 Risk Assessment

Risk Assessment is defined as the overall process of risk analysis and evaluation. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

### 1.5 Risk Estimation

Risk Estimation is the process of quantification of risks.

### 1.1.6 Risk Tolerance/Risk Appetite

Risk tolerance or Risk appetite indicates the maximum quantum of risk which the company is willing to take as determined from time to time in accordance with the Risk Strategy of the company.

## 2. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The new Companies Act, 2013 have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

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.

In line with the above requirement, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company.

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### 3. PURPOSE AND SCOPE OF THE 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 Company's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of this Policy are:

- ⊗ To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed.
- ⊗ To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- ⊗ To assure business growth with financial stability.

### 4. APPLICABILITY

This Policy applies to all areas of the Company's operations.

### 5. RISK FACTORS

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

- ⊗ External Risk Factors
- ⊗ Economic Environment and Market conditions
- ⊗ Political Environment
- ⊗ Competition
- ⊗ Revenue Concentration and liquidity aspects

Each business area has specific aspects on profitability and liquidity. The risks are therefore associated on each business segment contributing to total revenue, profitability and liquidity. Since the projects have inherent longer time-frame and milestone payment requirements, they carry higher risks for profitability and liquidity.

- ⊗ Inflation and Cost structure-

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• Inflation is inherent in any business and thereby there is a tendency of costs going higher.

• Technology Obsolescence –

The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.

• Legal –

Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk.

• Fluctuations in Foreign Exchange - The Company has limited currency exposure in case of sales, purchases and other expenses. It has natural hedge to some extent. However, beyond the natural hedge, the risk can be measured through the net open position i.e. the difference between un-hedged outstanding receipt and payments. The risk can be controlled by a mechanism of "Stop Loss" which means the Company goes for hedging (forward booking) on open position when actual exchange rate reaches a particular level as compared to transacted rate.

• Internal Risk Factors

• Project Execution

• Contractual Compliance

• Operational Efficiency

• Hurdles in optimum use of resources

• Quality Assurance

• Environmental Management

• Human Resource Management

• Culture and values



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## 6. RESPONSIBILITY FOR RISK MANAGEMENT

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

## 7. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation'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 and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

## 8. REVIEW

This Policy shall be reviewed as and when needed to ensure it meets the requirements of legislation and the needs of organization.

## 9. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.

## DISCLAIMER CLAUSE

The Management caution its readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

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