



INDO-MIM LIMITED

Regd office: 45(P), KIADB Industrial Area, Hoskote, Bangalore 562114

POLICY FOR INTIMATION TO THE BOARD ABOUT RISK ASSESSMENT AND MINIMIZATION PROCEDURES

(v1 / Aug 07, 2025)

1 . Preamble

Pursuant to provisions of Regulation 17(9) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), (a) The listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures. (b) The board of directors shall be responsible for framing, implementing, and monitoring the risk management plan for the listed entity.

The Policy shall include a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee, along with measures for risk mitigation including systems and processes for internal control of identified risks.

Risk as defined by the Oxford dictionary is a chance or possibility of danger, loss, injury or other adverse consequences.

Risk management, by and large involves reviewing the operations of the organization, followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

The Companies Act, 2013 amended time to time and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 emphasize the requirement of Risk Management Policy for the Company.

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Company Secretary

Pursuant to the provisions of Section 134 of the Companies Act, 2013, 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 shall be included in the Board's Report.

The Audit Committee is required to evaluate the internal financial controls and risk management systems of the Company to satisfy themselves that the systems of risk management are robust and defensible.

According to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing, and monitoring the risk management plan for the Company.

This Policy is framed in compliance with the provisions of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Definitions:

- a) **Audit Committee** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 177 of the Companies Act, 2013.
- b) **Board** means Board of Directors of the Company.
- c) **Company** means INDO-MIM Limited.
- d) **Policy or This Policy or Plan** means "Risk Management Policy".
- e) **Risk Management Committee** means the Committee constituted by the Board to monitor and review the risk management plan and such other functions as it may deem fit, majority of Committee shall consist of members of the Board of Directors. Senior executives of the Company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors.

3. Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or any other SEBI Regulation(s) as amended from time to time.

4. Risk Management Process

- (i) Identification – Recognition / anticipation of the risks that threaten the assets and earnings of the Company.

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- (ii) Evaluation / Assessment – Estimation of the likely probability of a risk occurrence and its likely severity, categorization of risk and rating of risk.
- (iii) Prevention & Control – Measures to avoid occurrence of risk, limit its severity and reduce its consequences, selecting the risk management technique by category and individual risk.
- (iv) Financing – Determining the cost of risk likely to be and ensuring that adequate financial resources are available, implementing the selected technique.
- (v) Measure and Monitor effectiveness of controls and respond according to the results and improving the program.
- (vi) Reviewing and reporting on the Risk Management process at appropriate intervals, at least annually.

5. Risk Management Technique

- (i) Risk Transfer to another party, who is willing to take risk, by buying an insurance policy or entering into a forward contract;
- (ii) Risk Reduction, by having good internal controls;
- (iii) Risk Avoidance, by not entering into risky businesses;
- (iv) Risk Retention, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained and;
- (v) Risk Sharing, by retaining to the extent that can be retained and transferring the balance.

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6. Risks Specific to the Company and Mitigation

Measures of Financial risks

| S. no | Threat/Process | Mitigation Measures |
|-------|---|---|
| 1. | Confidentiality risks | Education and clear cut policy to be circulated and acknowledged by all involved. |
| 2 | Change in interest rates | Cost effective funding should be identified for each project. Hedging mechanism if any should be proactively considered to minimize the impact of change in interest rates. Explore the possibility of signing up for fixed rate borrowings where possible. |
| 3. | Exchange rate | To proactively hedge the net exchange rate exposure as per the hedging policy of the company to minimize the impact of the risk |
| 4. | Change in taxation policies | This is a risk which needs to be retained as there are no hedging options. |
| 5. | Country risks | This is a risk which needs to be retained once we decide to take it. Risks associated with the countries (with which we are doing business) will be examined before getting into any contract. In case of higher country risk we will explore the possibility of doing business against an LC from an internationally acclaimed bank. |
| 6. | Financial leverage risks | Debt equity ratio is monitored and managed for each project. |
| 7. | Expenditure risks | All the expenditure have to be tied to revenue and revenue generation capabilities. Search for wasteful expenditure will be regularly carried and such expenditure will be reduced/eliminated. |
| 8 | Risks in settlement of dues by dealers/customers | Systems are put in place for assessment of creditworthiness of dealers/customers |
| 9 | Provision for bad and doubtful Debts | Provision for bad and doubtful debts is made to arrive at correct financial position of the Company. Appropriate recovery management and follow up. |
| 10 | Blockage of funds – Delay in realization of sales | Timely realization by rigorous follow-up and meeting the clients. |

Manufacturing / Production Risks

| S. no | Threat/Process | Mitigation Measures |
|-------|---|---|
| 1. | Delay in approval of Bill of Material (BOM) for each product/ outdated BOM approval | This risk has been eliminated because of the automation of the process. The current BOM is what is shown in the system and unless the same is followed the product can't move to the next stage |
| 2. | Delay in Procurement | (a) Stocking pattern in the company is agreed and adhered to for all major items. (b) More than one source is identified for all major items consumed in the company., (c) For all major items stocking pattern agreed at the suppliers end too to ensure quick servicing of our requirement where we feel there is a high degree of fluctuation in consumption., |
| 3. | Employee turn out | (a) The employee turnover in the company is very low and is not a cause for concern in general (b) In a few departments where the turnover is higher we build up a cushion by staffing it at higher level so that even after the departure the department concerned does not suffer. (c) Retaining the required technicians by motivating them through monetary and non-monetary benefits (job rotation, giving higher responsibility etc.) is adopted on case to case basis depending on the special skill set of the concerned persons. |
| 4. | Obsolescence of input material | (a) This is not a problem in our industry as the same set of raw materials are used for multiple customers. (b) Assembly items procured can become obsolete in case of a model change at the customer's end. In such cases the change management agreed with the customer takes care of the eventuality. |
| 5. | Spike in work / spike in orders | (a) The company agrees with the customers a level of run at rate based on the order volume indicated. (b) The company also agrees on a ramp rate with customers where the order volume goes up. |

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| | | <p>(c) The company gears itself for 2 times the run at rate agreed to with the customers.</p> <p>(d) Any surge beyond what is agreed upon is addressed within the lead time that is agreed upon on case-to-case basis as the company is not obliged to cover it immediately.</p> <p>(e) Where proactively agrees on a stocking level both at the customer's end and at its own end to address the surge volumes.</p> <p>(f) While the company can use outsourcing for the secondary process the primary process will have to be handles inhouse only and hence needs careful planning and execution which is the strength of the company</p> <p>(g) Building up WIP on high lead time low cost items in anticipation of orders.</p> |
| 6. | Transportation Risk | <p>(a) The components made by the company being designed for a specific customer and specific end use has least risk in transportation.</p> <p>(b) The components that the company makes are made of metal and hence does not have any fire hazard during transportation.</p> <p>(c) The company covers all that material that it transports (input as well a output) by an insurance cover and hence the company is fully covered for this risk .</p> |
| 7. | Schedule delay | <p>This is handled by the agreement with the customer.</p> <p>Where there is no such agreement the matter is handled as though there is an order cancellation and the consequent commercial actions will follow.</p> <p>Since the company makes specially designed components the customer has to procure the component unless there is a product obsolescence during the delay.</p> <p>In case of product obsolescence during the delay the same also needs to be handled based on the agreement with the customer.</p> <p>This is a risk the company will have to hold if the same is not accepted by the customer.</p> |

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R&D risks

| S. no | Threat/Process | Mitigation |
|-------|---|--|
| 1. | Viability of the product | The company does not do any product research and hence the viability risk is not borne by the company. In case there is a viability issue at the customer's end for the new products made for them the continuity of the business with us in respect of the product could become a question. The inventory of the products manufactured goes through the obsolescence risk as indicated here in above . |
| 2. | Investment risks | The company's R & D efforts are centered around metallurgy and polymer science as we focus on metal powders and plastic binders in our efforts, very rarely the company makes a part specific investment and hence the company does not undergo any investment risk. |
| 3. | Technology risks | The company keeps its eyes and ears open on the technology front by visiting and participating in various trade shows and exhibitions . Company also looks forward to invests on new technologies at an early stage to get an initial starter advantage. |
| 4. | Risk of failure | <p>Product Failure – The company does not own the responsibility for the performance of its products as these are designed by the customers. The company does provide a replacement warranty for its products based on the life cycle assured as a part of the contract. The company has a product liability and recall policy to cover this risk.</p> <p>Commercial Failure – This is a risk which the company has to hold. To ensure that we don't fail commercially we price our products very competitively.</p> |
| 5. | User specifications may be higher than or drastically different from initial expectations | Our deliverables are decided by our contract. We need to deliver as per contract and hence there is no possibility of higher expectations. In case of a change in the buyer expectation the same is handled by Design change process (DCN) in the company .. |

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| 6. | Improper design and technical specification study | Appropriate and qualified technical personnel are assigned and regular review of design and technical specifications are taken care to ensure that they are proper. |
| 7. | Cost over run | Since we are an automated company and since the process that we use is consistent and repeatable the costs are mostly decided right at the engineering stage and hence we come to know of such overruns fairly early. The technical team and the sales team are fully qualified engineers and hence know the method of estimation of costs. In case there is a cost overrun due to a wrong estimation the company goes back to the customer and seeks a price revision providing the requisite data . |
| 8 | Confidentiality Risk | The company has created enough safety protocol to maintain the confidentiality of the customer data as well as own data. All secondary storage devices have been disabled in the company to eliminate data leakage. All employees of the company are also covered by a NDA which ensure their continuous compliance of the confidentiality obligations. However this is a risk which can only be mitigated and not eliminated and the company should be aware of this risk and be alert about it all the time .. |

Marketing Risks

| S. no | Threat/Process | Mitigation |
|-------|--------------------------------|---|
| 1. | Marketing expenditure | Marketing exp like all other expenses in the company is budgeted and monitored. These are generally not related to any project of the company and hence a budget is made both in % as well as value terms for this exp based on the business plan of the company. . |
| 2. | Confidentiality of information | Same as in Clause 8 under R & D subject given above. |

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| 3. | Lost assets such as files, laptops- | Remote back up of all files is in place. Random check of the same can be done on periodic basis to is being carried out twice in a year to assess the robustness of the system needs to be done. |
| 4. | Communication risks/ Version risks- Wrong information on product features given to the client (Standardization of product features and requirements) | Communication system in the company is well fortified with the security as well as back ups. Version risk or revision level risk of the product is handled by the change management system of the company. At any time in the company there would be only one version to eliminate the possibility of versions differences. Each product of the company has a unique design which is decided by the customer and hence there is no possibility of product mix up in the company . To avoid a labeling error the photo of each product is in the master list of parts with which the comparison made before an items is packed . If still there is a mix up the product is retrieved and sent to the right customer as the product designed for one customer can only be used him and not by anybody else. |
| 5. | Delivery schedules | They are updated by the PPC team as soon as the order is received by them and the same is cross verified by the commercial team before dispatch and again checked by the dispatch before dispatch. Based on the order offtake and agreement with the customers the company does maintain stock of finished goods and WIP in many cases and hence the company enjoys 100% OTIF(On Time In Full) delivery |
| 6. | Lack of coordination among the departments | At the inception of each product there is a cross functional team which works in evaluating the feasibility of the product. At engineering stage there is active coordination between Design, Tool Room , Engineering to develop the components to the requirements of the customer . Post the submission of samples and pilot lot the product is handed over to production for them to do the regular production. This |

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| | | <p>ensures seamless takeover of the product from the engineering to the manufacturing team.</p> <p>During this entire journey the Marketing and PPC team is actively associated to ensure that on time and appropriate information is given to the customer.</p> |
| 7. | Reputation risks | <p>Commitment to the customers are given on realistic basis so that the reputation of the company is maintained.</p> <p>Before hitting agents a thorough background check is done to ensure that people with appropriate reputation are hired in each country as they are our face in front of the customer.</p> <p>All commitments to the customer on price and deliverables go from the company directly to the customer so that there is no communication gap between the customer and the company.</p> |
| 8. | Competitors risk | <p>Proper study of the features and price of the competitors have to be studied by the marketers before submitting a tender.</p> |
| 9 | Development risk | <p>The company because of its experience over 2 decades has a good understanding of the risk associated with aggressive commitment on the development front.</p> <p>Over the years the company has developed a good capacity to under the capability of the company vis a vis the requirement of the Customer and hence the company is able to minimize the development risk to the maximum extent possible..</p> |
| 10 | Tenders called off | <p>Tender cancellation is a risk the company has to hold and face. Fortunately we produce against an order received post a successful tender process and hence cancellation of a tender does not pose a risk for us .</p> |

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Deliverables risks

| S. no | Threat/Process | Mitigation |
|-------|---------------------------------------|---|
| 1. | Weather, natural disasters, accidents | Proper insurance of goods. |
| 2. | Unrealistic schedules | Most of the customers in our line of business know the lead time for the delivery. In case where the schedule is unrealistic the company has an option to say NO. Delivery commitments in the company are given by the PPC team who have a good understanding of the load in the company and the likely turnaround time for an order. Hence this is not a risk for the company. |
| 3. | Transit delays | Can choose reputed and reliable transporters |

Customer Support Risks

| S. no | Threat/Process | Mitigation |
|-------|---|---|
| 1. | More installations and complaints at a time | Development of a robust process for development and delivery minimizes this risk. |
| 2. | Sudden increase in customer demand, new products and handling of new customers | The demand in excess of the agreed ramp rate and ramp qty is politely declined as the capacity to manufacture is decided by the run at rate established which is typically 2 times the normal demand of the customer. |
| 3. | Human Resource availability | (a) Retaining the required technicians by motivating them through monetary and non-monetary benefits (job rotation, giving higher responsibility). (b) Training more persons on multiple skills. |
| 4. | Material availability | (a) Stocking sufficient material keeping obsolescence into account, . |
| 5. | Losing customers due to improper customer feedback analysis and poor assessment | Minimised by taking a periodic feedback from customers by the marketing in charges of the respective region. |
| 6. | Sensitive information, Data, Hardware locks, monitoring | IT department takes lead by in planning data security in the company .Sensitive information of data, software and hardware locks, monitoring of the same and ensuring all the software sent out of |

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| | | office are only in Setup format. |
| 7 | Spending more time for repair | Mean time to Repair (MTTR) and Mean time before failure (MTBF) are continuously analysed to see if there are any major problems in the offing. . |
| 8 | Rolling out solutions | Periodic service analysis meetings will be conducted and solutions will be implemented in all products. |
| 9 | Improper Training Risk | Monitoring and evaluating the engineers after training program conducted. |

HR risks

| S. no | Threat/Process | Mitigation |
|-------|--|--|
| 1. | Wrong hiring | Thorough evaluation during the interview and background verification. Continuous monitoring and training of the selected candidates will ensure that most people selected can be trained for the job. |
| 2. | Employee turn out | Retaining talented employees by motivating them through monetary and non-monetary benefits. |
| 3. | Key staff being ill and unable to work | Training employees on multiple skills. Have a backup plan for all key staff. |
| 4. | Changes in product | Develop skill-set of the employee as per the new recruitments by providing necessary training well in advance. |
| 5. | Personnel injury or death | Immediate back up plan. |
| 6. | Loosing key staff to competitors | Non-compete letter signed as part of non-disclosure agreement at the time of joining and at the time of exit by the employee. Initiate legal actions wherever required. While we can reduce this risk this can't be eliminated as people do move for their personal benefit. |
| 7. | Handling media crisis | Will appoint a PR Firm post listing to handle this issue. Post such appointment an immediate intimation should be given to them for handling the media and the crisis if any . |

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| 8. | Termination risks | Gather sufficient information and reasons with proofs i.e., disciplinary memo / warnings to justify the decision before termination, counsel/warnings before termination. |
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System Risks

| S. no | Threat/Process | Mitigation |
|-------|------------------------------------|--|
| 1. | System capability | EDP department maintains repairs and upgrades the systems on a continuous basis with personnel who are trained in software and hardware. |
| 2. | System reliability | Password protection is provided at different levels to ensure data integrity. |
| 3. | Data integrity risks | Licensed software is being used in the systems. |
| 4 | Coordinating and interfacing risks | The Company ensures "Data Security", by having access control/ restrictions. |

Legal Risks

| S. no | Threat/Process | Mitigation |
|-------|--------------------------|--|
| 1. | Contract Risks | A study of contracts with focus on contractual liabilities, deductions, penalties and interest conditions is undertaken on a regular basis. |
| 2. | Contractual Liability | Vetting of all legal and contractual documents. |
| 3 | Insurance Risks | Insurance policies are audited to avoid any later disputes. Timely payment of insurance and full coverage of properties of the Company under insurance. |
| 4 | Frauds | Internal control systems for proper control on the operations of the Company and to detect any frauds. |
| 5 | Business Continuity Risk | At levels in the company there are at least 2 layers of people . Further we have invested substantial time and effort to ensure that most processes in the company are system driven . This ensures that there is business continuity even if one layer leaves. Data and systems protection policies ensures that sufficient and satisfactory backup is available to handles the business continuity |

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| | | in case of system risk . |
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7. Amendments to the Policy

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

8. Disclaimer Clause

The Management and/or Committee cautions 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.

For INDO-MIM Limited



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