

INDIA TRADE PROMOTION ORGANISATION
(CS Unit)

ITPO's RISK MANAGEMENT POLICY

INTRODUCTION

Risks are events or condition that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievements of the organisation's business objectives. Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievements of a company's strategic and financial goals. This policy to ensure sustainable business growth and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. ITPO is required to adopt systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations.

Enterprise risk management helps management in achieving CPSE's performance and profitability targets. It helps to ensure effective reporting and compliance with laws and regulations, and helps avoid damage to the entity's reputation and associated consequences. Considering the significance of risk management in the scheme of corporate management strategies, its oversight should be one of the main responsibilities of the Board/Management. Risk Management is to be undertaken as part of normal business practice and not as a separate task at set times.

Given in the following paragraphs are the Division-wise activity profiles, attendant risk factors, their monitoring and frequency of reporting to the Management.

I. BUSINESS DEVELOPMENT DIVISION:

Organisation of third party trade fairs is one the major activities in Pragati Maidan and revenue generation from this activity is a major source of income for the company.

Risk Factors & their monitoring

1. Capacity Utilisation of Halls in Pragati Maidan is a major indicator of the extent of revenue which will be generated from Third Party fairs. As assessment of the capacity utilization of exhibition halls will be made on a six-monthly basis to assess any significant decline in the booking position. Any decline which is more than 25% of the previous year will need to be reported to the Board along with the factors contributing to the decline like change in

- international trade environment, cyclical nature of trade events, change in Government policy supporting trade exhibitions etc.
2. Competing exhibition infrastructure in NCR may impact the capacity utilization of exhibition halls at Pragati Maidan. A six monthly assessment of the developments in this area will need to be reported to the Management.
 3. Competitive rental policy for exhibition halls in Pragati Maidan is essential for continued business activity and growth. A comparative rental analysis of major exhibitions venues in India will be made on an annual basis to assess the risk of losing business on account of higher tariffs at Pragati Maidan. While fixing hall rentals for the next financial year, Board will be apprised on the rentals being charged by competing exhibition venues to make a realistic assessment.
 4. Exhibition industry need to provide high service levels to their clients at their exhibition venues. Factors like security, parking, hall maintenance, service delivery levels by various ITPO Divisions etc., contribute to the overall satisfaction index of the exhibition at Pragati Maidan. Any activity, guidelines or a policy decision which may impact service efficiencies and needs remedial action will be reported to the Management on a regular basis.

II. Engineering Division

Maintenance and upgradation of Pragati Maidan infrastructure including engineering works, horticulture, conservancy etc., are essential activities which need to be performed in a timely and cost effective manner in a service industry.

Risks Factors & their monitoring

1. Engineering Division plans, estimates and executes various works as per laid down cost and time lines stipulated by the ITPO Management. An assessment of the progress made of 'Works' having a value of more than Rs. One crore will be made on a six monthly basis to assess cost and time overruns. Any significant cost escalation (25% or more) or time overruns which can impact the exhibition hall bookings need to be monitored and submitted to the Board on six monthly basis. For projects having cost outlays of less than Rs. One crore, cost and time overruns will be reported to the Management on a regular basis.
2. Pragati Maidan halls are used by exhibitors for holding trade shows and structural and fire safety in exhibition halls needs to be ensured. Engineering Division will make an annual assessment regarding structural soundness and fire safety concerns in exhibition halls for their

continued safe use and submit its report to the management, wherever required, for remedial action.

III. Security Division

Ensuring a safe and secure environment to exhibitors / visitors coming to Pragati Maidan is a task which cannot be compromised at any cost.

1. Security Division will, on a regular basis, sensitise the Management regarding the security perceptions which need to be kept in mind. Pragati Maidan being a high visibility complex in a central area with large numbers visiting the trade shows every day, a risk assessment scenario with back up plans for evacuation, relief etc., in case of a disaster need to be put in place in consultation with the Management and law enforcement agencies.
2. A secure exhibition environment is necessary to ensure continued capacity utilisation of Pragati Maidan infrastructure. Modern security infrastructure and trained security personnel are essential components of this strategy. Security Division will, on a six monthly basis, keep itself abreast of the technological developments in this field and plan procurement of essential security equipment to thwart security breaches inside Pragati Maidan.

IV. Finance Division

Ensuring a financial discipline as laid down in ITPO guidelines and adherence to various statutes under the Companies Act, Income Tax Act etc., is a mandate which needs to be scrupulously followed.

Risk Factors & their Monitoring

1. Finance Division will, every quarter, sensitive the Management regarding the Financial performance of the Company with specific reference to the MOU targets lay down by DPE and Department of Commerce. Reasons for Shortfall in MoU targets, slowdown in growth parameters of the Company and any other variables like debts etc., need to be submitted every quarter. Statutory audit observations, income tax/ service tax issues which need attention of the Management also need to be reported as and when necessary.
2. Finance Division will, on a six monthly basis, identify expenditure components which will have an adverse impact on the Balance Sheet. In this regard, attention of the Management will be drawn to subjects like decrease in revenue generation on account of capacity utilization of halls, adverse interest rate environment, higher wage bills and administrative expenses, expenditure incurred by regional offices. VRS expenditure, higher expenditure on works etc. Expenses incurred on statutory obligations like gratuity, retirement benefits etc. which may have an impact on the Balance Sheet in a particular year also needs to be monitored on an annual basis.

V. Administration Division

A continues deployment of trained workforce for efficient delivery of ITPO services needs to be ensured.

Risk Factors & their monitoring

1. Administration Division will, on an annual basis, assess the availability of trained manpower which is necessary to discharge the functions efficiently. In this regard, particular attention will be paid to issues like staff attrition, manpower recruitment plans at different levels annual training plan etc. Any manpower issue which needs attention of Management will be reported as and when necessary.

VI. Foreign Fairs Division

Successful organisation of ITPO's overseas events is the mandate of the Division.

Risk Factors & monitoring

1. Foreign Fairs Division will, on a annual basis, assess the organisation of overseas events being organized by ITPO in relation to number of overseas events, sectoral participation, geographical distribution of fairs, mobilization size, exhibitor profile, satisfaction index of exhibitor participants, availability of trade promotion assistance under MAI/MDA, overseas deputation norms etc. any significant decline in the number of events, MAI/MDA availability, exhibitor satisfaction index etc., will be reported to the Management annually.
2. Non-payment of participation charges by exhibitors, particularly from Government Sector, collection of TDS Certificate, refund of VAT, etc. may impact the revenue generation for the projects and needs to be monitored on a regular basis and reported to the Management on six monthly basis.

VII. Fairs in India Division

Successful organization of ITPO's domestic events is the mandate of the Division.

Risk Factors & their monitoring

1. Fairs in India Division will, on an annual basis, assess the organization of domestic events being organized by ITPO in relation to number of domestic events, sectoral participation, geographical distribution of fairs, mobilization size, exhibitor profile, satisfaction index of exhibitor participants etc. Any significant decline in the number and size of domestic events, exhibitor satisfaction index etc., will be reported to the Management annually.
2. Fairs in India Division will, on an annual basis, assess the organization of India International Trade Fair being organized by ITPO in November every year. Issues relating to nature and format of the show which need attention of the Management will be reported as and when necessary.
