



RISK MANAGEMENT POLICY

Introduction

The Board of Directors of Gulshan Polyols Limited ('the Company') has adopted the following policy and procedures with regard to risk management as defined below. The Company is in the process of forming a Risk Management Committee. The Board may review and amend this policy from time to time.

Gulshan Polyols Limited (the Company) recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder/stakeholder value.

Regulatory framework/ requirement

Risk Management Policy is framed as per the following regulatory requirements:

A. Clause 49 of the Listing Agreement

1. Key functions of the Board

The Board should fulfill certain key functions, including:

- a) Reviewing and guiding corporate strategy, major plans of action, **risk policy**, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b) Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for **risk management**, financial and operational control, and compliance with the law and relevant standards.

49 (III) D. Role of Audit Committee

The role of the Audit Committee shall include the following:

11. Evaluation of internal financial controls and risk management systems;

49 (VI). Risk Management

- A. The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.
- B. The Board shall be responsible for framing, implementing and monitoring the risk

management plan for the company.

C. The company shall also constitute a Risk Management Committee. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

49 (II) D- Information to be placed before Board of Directors (Annexure - X the Listing Agreement)

B. Companies Act, 2013

1. Provisions of the Section 134(3)

There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—

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.

2. Provisions of the Section 177(4)

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.

3. Schedule IV [Section 149(8)] - Code for Independent Directors

II. Role and functions: The independent directors shall:

(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, **risk management**, resources, key appointments and standards of conduct;

(2) satisfy themselves on the integrity of financial information and that financial control and **the systems of risk management** are robust and defensible;

Gulshan Polyols Limited being a listed company is required to adhere to the regulations made both by the Companies Act, 2013 and Clause 49 of the Listing Agreement governed by the Securities and Exchange Board of India (SEBI). Where any stipulation is common between the regulations, more stringent of the two shall be complied with.

Risk Strategy

A company is exposed to variety of risks in the course of its business activities. Risk management therefore forms a central element in the management of the company and is geared to targeted management of risk with a view to securing present and future potential for success and avoiding, preventing, countering and minimizing risk. We only enter into entrepreneurial risks if we are convinced that they can generate a sustained rise in the value of the company and that we are able to control any possible implications.

Risk Management

Risk Management is the identification and measurement of risks, which can affect the organization and implementation of strategy for monitoring, controlling and mitigation of these risks by systematic actions in a planned manner. The Company has constituted a Risk Management Committee to monitor and review the risk management activities of the Company on regular basis. The Committee comprises of the Board of Directors and senior management personnel of the Company. The framework for risk assessment and minimization thereto has been evaluated and company takes adequate measures for mitigating such assessed risk.

Constitution of Risk Management Committee:

The Board of Directors has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirements. At present, the Risk Management Committee comprises of following Members:

1. Mr. Akhilesh Kumar Maheshwari, Member
2. Mr. Ashwani Kumar Vats, Member
3. Ms. Arushi Jain, Member

Roles and responsibilities

The roles and responsibilities of Risk Management Committee are as follows:

- Identification & Assessment of Risks
- Minimization of Risks by adopting various measures

Sub-Committee of Risk Management Committee

A sub-committee of Risk Management Committee will report to Risk Management Committee under the guidance of Risk Management Committee. The sub-committee constitutes following members:

1. Managing Director
2. Chief Financial Officer
3. Head of Plant
4. Head of Procurement & Supply Chain
5. Head of Human Resources
6. Company Secretary