



GANESH BENZOPLAST LIMITED

RISK MANAGEMENT POLICY



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[Under Section 134(3) (n) of the Companies Act, 2013 and Regulation 17(9) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

INTRODUCTION

Risk management is an integral part of good corporate governance and fundamental in achieving the company's strategic and operational objectives. 'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

OBJECTIVE

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.

The specific objectives of Risk Management Policy inter alia are:

1. To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
2. To establish 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 Risk Management Committee
3. To measure risk mitigation including systems and processes for Internal Control of identified risks.
4. To assure business growth with financial stability.
5. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

LEGAL FRAMEWORK

The Companies Act, 2013 and SEBI (LODR) Regulations have placed additional responsibilities on the Board of Directors and Management for risk Management.

1. Requirement as per Companies Act, 2013 ('the Act'):

Responsibility of the Board: As per Section 134(3) of the Act, requires the Board of Directors of a Company, as part of the Board's Report, to furnish 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.

**Responsibility of the Audit Committee:**

As per Section 177(4) of the Act, 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.

Responsibility of the Independent Directors:

As per Schedule IV of the Act [Section 149(8)] - Code for Independent Directors -Role and functions: The independent directors shall:

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; satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

2. Requirement as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"):

Regulation 17(9) of the Listing Regulations, requires the Company to lay down procedures about risk assessment and risk minimization.

Regulation 21 of the Listing Regulations, requires the Risk Management Committee to formulate a detailed risk management policy which shall include:

- a. A framework for identification of internal and external risks specifically faced by the listed entity, 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.
- b. Measures for risk mitigation including systems and processes for internal control of identified risks.
- c. Business continuity plan.

As per the Listing Regulations, 2015, amended from time to time, top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a Risk Management Policy (hereinafter referred as "Policy"). As per the amendment, once the provisions of Listing Regulations become applicable to a listed entity on the basis of market capitalization, it shall continue to apply irrespective of change in the market capitalization.

RISK MANAGEMENT COMMITTEE**COMPOSITION:**

The Risk Management Committee shall consist of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. The Chairperson of the Risk management Committee shall be a member of the Board of Directors and senior executives of the listed entity may be members of the committee. The Company Secretary shall act as the Secretary to the Committee.



MEETINGS:

The Risk Management Committee should meet at least two times in a year and not more than 180 days shall elapse between two consecutive meetings. The Quorum for the meeting of the Committee shall be a minimum of two members or one-third of the Members of the Committee, whichever is higher, including at least one member of the Board.

ROLE OF RISK MANAGEMENT COMMITTEE

The role of the committee shall, inter alia, include the following:

- i. To formulate a detailed risk management policy;
- ii. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- iii. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- iv. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- v. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- vi. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

RISK MANAGEMENT FRAMEWORK PROCESS

Risk management is a continuous process that is accomplished throughout the life cycle of a Company. Effective risk management depends on risk management planning; early identification and analyses of risks; early implementation of corrective actions; continuous monitoring and reassessment; and communication, documentation, and coordination.

STEPS IN RISK MANAGEMENT

i. RISK IDENTIFICATION

This involves continuous identification of events that may have negative impact on the Company's ability to achieve goals.

ii. RISK ASSESSMENT

Risk assessment is the process of risk prioritization. The likelihood and impact of risk events have been assessed for the purpose of analyzing the criticality. On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings.



- External risks factors:

Economic Environment
Political Environment
Competition
Changes in interest rates

Changes in government policies
Broad market trends and other factors beyond the Company's control.

- Internal risks factors:

Project Execution
Contractual Compliance
Operational Efficiency
Hurdles in optimum use of resources
Quality Assurance
Environmental Management
Human Resource Management
Culture and values

iii. RISK ANALYSIS

Risk Analysis is to be conducted taking the existing controls into consideration. Risk events assessed as "high" or "very high" criticality may go into risk mitigation planning and implementation; low and medium critical risk to be tracked and monitored on a watch list.

iv. RISK TREATMENT – MITIGATION

To ensure that the risks are mitigated, GBL will strive to

Involve all functions in the overall risk identification and mitigation exercise;
Link the risk management process to the strategic planning and internal audit process;
The Risk Management Committee shall have access to all information necessary to fulfill its responsibilities. It has the powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
The Risk Management Committee may in its judgment periodically commission risk management analysis of the Company;

v. CONTROL AND MONITORING MECHANISM

Risk management uses the output of a risk assessment and implements countermeasures to reduce the risks identified to an acceptable level. This policy provides process of assessing and mitigating risks identified within functions and associated processes. In circumstances, where the accepted risk of a particular course of action cannot be adequately mitigated their status shall be continuously monitored and periodically presented to Risk Management Committee and Audit Committee.



RESPONSIBILITY FOR RISK MANAGEMENT

Board /Risk Management/Audit Committee

The Board of Directors of the Company oversee the development of Risk Management Policy and the establishment, implementation and monitoring of the Company's risk management system, in accordance with the policy.

The Board of Directors of the Company and the Audit and Risk Management Committee shall periodically review and evaluate the risk management system of the Company, so that the Management controls the risks through risk management framework.

The Audit Committee is responsible for approving the appointment of internal auditor and annual internal audit plan.

Role of the Heads of the Departments

The Heads of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board of Directors of the Company.

COMPLIANCE AND CONTROL

In addition to the risk management framework, the Company has an internal compliance and control system which includes

- A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be improved.
- The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. It also monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.
- Annual audit and Half year Limited review by the Company's Statutory Auditor.

AMENDMENTS

The Board of Directors as per the recommendations of Committee (s) can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are 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 found inconsistent 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.