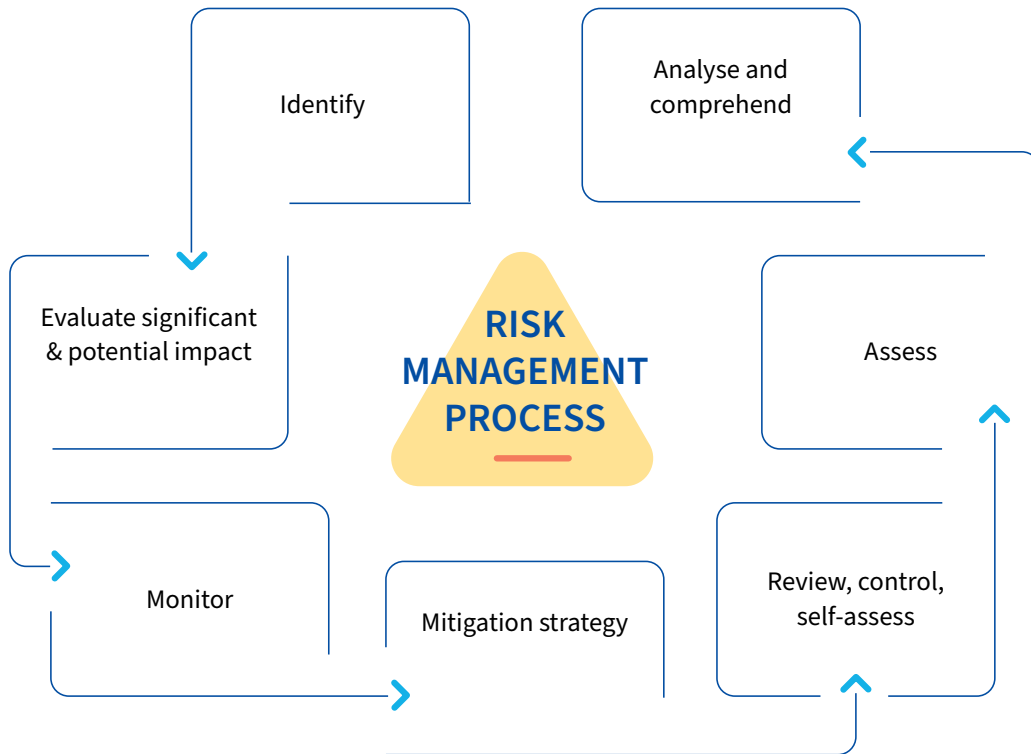


RISK MANAGEMENT

# Managing Risks Prudently for Optimal Outcomes

*Amidst evolving markets, regulatory shifts and unforeseen challenges, proactive risk management becomes increasingly crucial for organisations. It not only safeguards the Company’s operations but also creates lasting value for stakeholders and helps capitalise on emerging opportunities.*



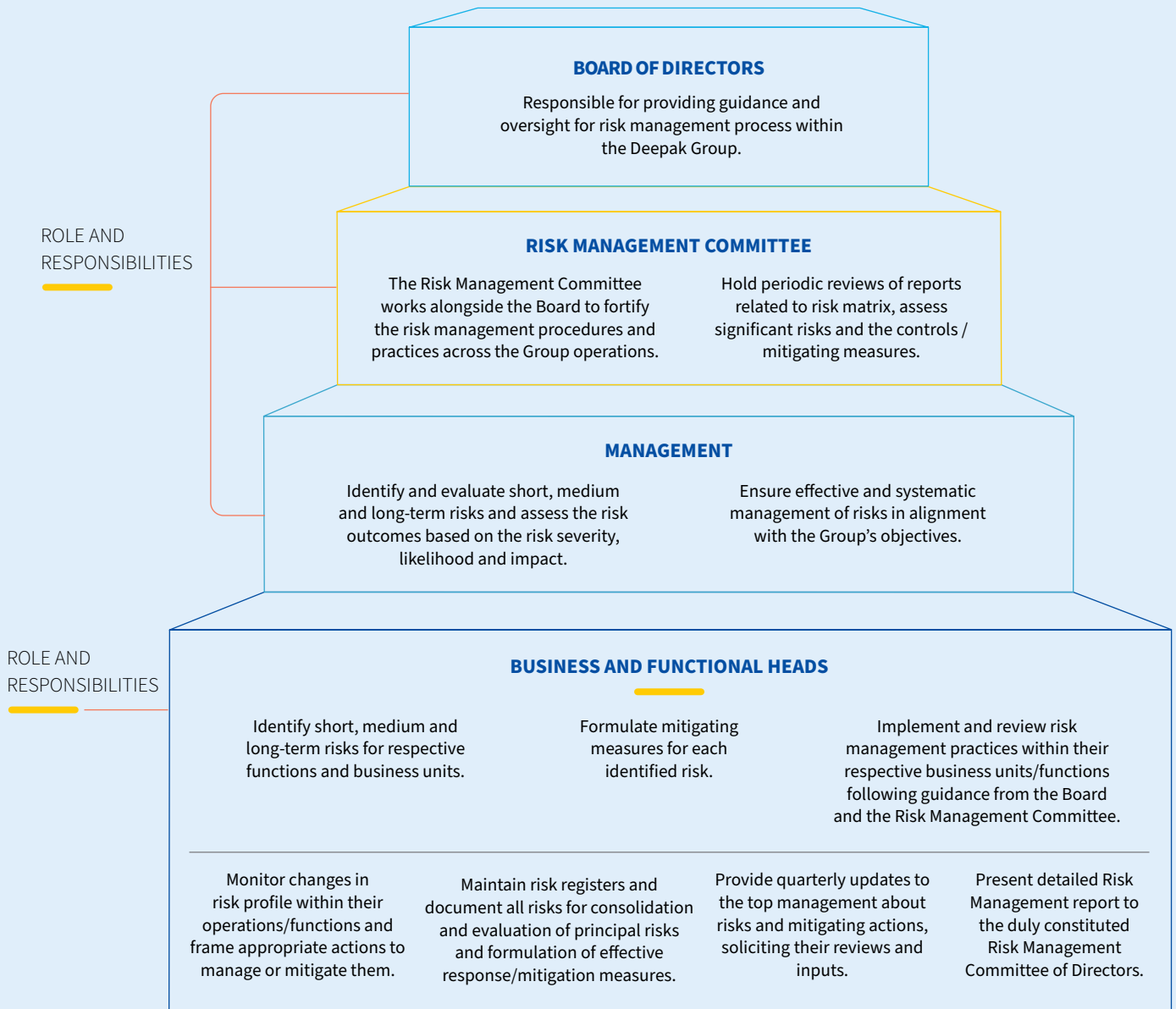
**ENTERPRISE RISK MANAGEMENT FRAMEWORK**

We have established a robust Enterprise Risk Management Framework (ERM) governed by the Board-approved Risk Management Policy. Our Enterprise Risk Management Framework (ERM) aligns with the ISO 31000 and COSO standards, encompassing all facets of effective risk management at all levels, including the shop-floor level. The framework enables proactive and systematic approach to risk management, enabling us to safeguard our business by preventing incidents, driving optimal business outcomes and ensuring sustainable success.

**ERM empowers management to:**

- Gain an in-depth comprehension of the risk landscape and assess potential exposure
- Manage overall risk exposure effectively and devise risk mitigation strategies
- Consistently monitor the effectiveness of risk management practices
- Fortify risk controls and implement necessary improvements, as identified
- Furnish periodic risk management reports to the Board of Directors

## APPROACH TO RISK MANAGEMENT



## OBJECTIVES OF RISK MANAGEMENT

- Ensures Business continuity and Sustainability
- Achieve organisation's strategic objectives
- Enhance decision-making, planning and prioritisation processes
- Seize opportunities while proactively managing risks in a dynamic external environment
- Establish controls to mitigate or prevent risk occurrence
- Prioritise risk and reward considerations for implementation in critical areas
- Ensure adherence to corporate governance standards

The Company on a continuous basis, identifies and evaluates short-term, medium-term and long-term risks, prepares and implements mitigation plans therefor and keep monitoring them for ensuring sustainability of operations.

RISK MANAGEMENT

Managing key risks

Strategic and Global Risks

**R1** Global Energy transition impacting businesses

Capitals Impacted

Mitigation Response

- Consistent monitoring of both current and future situations
- Engaging in raw material linked pass-through contracts with the customers, regularly exchanging raw material situation with key customers building consensus for price escalation
- Leverage bulk volumes to secure price & availability
- Develop alternate/multiple vendors to expand vendor base and secure consistent material availability

**R2** Global Geopolitics and Monetary Risk

Capitals Impacted

Mitigation Response

- Diligently monitor major price trends – Lead & Lag indicators
- Cost optimisation by spot or contractual purchasing, whenever feasible
- Enhanced customer engagement to be a preferred supplier
- Secure alternative product for the plant to diversify asset utilisation
- Monitoring overall demand and supply development with allied resources of the end industry

Business – Operations Risks

**R3** Supply Chain Disruption/ Business Interruption Risks

Capitals Impacted

Mitigation Response

- Enhancing safety stocks and facilitating movement of materials through pipelines
- Procurement from diverse geographic locations to mitigate shipping delays
- Ensuring secure shipments to meet established supply timelines
- Maintain ample inventory levels to cater to customers, in the event of any supply disruptions
- Re-negotiating contracted terms for logistic rates

**R4** Supplier Dependency

Capitals Impacted

Mitigation Response

- Diversify sourcing pattern across all materials
- Engage in on-spot sourcing whenever competitive offers are received from local and import suppliers
- Develop and expand vendor base for product procurement

R5

**Emerging competition to our existing business****Capitals Impacted****Mitigation Response**

- Multi-year contractual engagement for major business
- Positioning as a preferred supplier of choice, addressing key customers' concerns
- Strengthened supply planning, with acceptable lead times and risk mitigation buffers
- Concentrate on acquiring new customers in international markets and expand distributors network in respective regions
- Maintain market volumes by expanding customer base
- Forge long-term tie-ups with domestic customers to protect market share and amplify export sales to diverse geographies

R6

**Succession Planning / Critical Position Planning****Capitals Impacted****Mitigation Response**

- Define Competency Framework for employees
- Employee evaluation on the competency framework
- Individual Development Plan to build role specific capabilities
- Enhance skills and competencies through Learning & Development opportunities
- Develop second line of talent for key / critical positions

R7

**Information Security and Confidentiality****Capitals Impacted****Mitigation Response**

- Enforcing rigorous confidentiality obligations
- Sharing of information strictly on a need-to-know basis
- Employ new IT tools to manage documents flow
- Conduct regular training programmes to promote awareness
- Undertake periodic audits / studies by external experts and implement their recommendations

R8

**IT System Failure Risk****Capitals Impacted****Mitigation Response**

- Continually upgrading the systems for optimal performance
- Multi-level password protection for enhanced data integrity
- Ensuring data security through access control/restrictions
- Conduct regular training programmes
- Deploying softwares on multiple servers to avoid disruptions due to single failure
- Establish Disaster Recovery Site and online backups for recovery

## RISK MANAGEMENT

### R9 Technology Obsolescence

Capitals Impacted  

#### Mitigation Response

- Continuous assessment of technological obsolescence and making necessary investments
- Develop connects with technology leaders in the areas relevant to company's operations to access newer and emerging processes and their applications in the manufacturing finished goods
- Upgrading Machinery and Equipment to leverage technological developments
- Implementation of robust idea for Plant / Technology selection process, ensuring thorough evaluation of current and emerging technologies to select the most appropriate and sustainable process/technology

### R10 Contractual Risk

Capitals Impacted 

#### Mitigation Response

- Contractual risk evaluation and restriction of company's liabilities under it, by a dedicated team of seasoned professionals
- Undertake extensive study of the impact of all contractual clauses to ensure adherence
- Close coordination between different departments of Company to ensure fulfilling the contractual obligations

## Financial Risks

### R11 Forex Market Volatility

Capitals Impacted 

#### Mitigation Response

- Fortnightly monitoring of net open positions and real-time tracking of exchange rates/markets to seize the opportunity
- Employ a blend of dynamic hedging strategies including Forwards, Options, Range Forwards

## Compliance Risks

### R12 Plant Safety Compliances

Capitals Impacted   

#### Mitigation Response

- Compliance with workplace safety protocols
- Conformance with Process Safety elements
- Integrated Management systems and safety audits to ensure compliances with required rules & regulations
- Impart safety training all employees on SOPs and safety systems
- Identify near miss, unsafe conditions and unsafe actions, while taking appropriate measures in response
- Conduct incident investigation and implement preventive actions
- Conduct safety reviews at the top management level

### R13 Environment Norms Compliances

#### Capitals Impacted



#### Mitigation Response

- Daily monitoring and maintaining of the environmental parameters
- Third party environmental monitoring
- Disposal of hazardous wastes & spent acid in accordance with PCB norms
- Amendments to Consent To Establish (CTE) and Consent To Operate (CTO), wherever required

### Reputational Risks

### R14 Reputational Risk

#### Capitals Impacted



#### Mitigation Response

- Implementation and communication of Company's policies and guidelines
- Engage in regular dialogue and transparent communication with stakeholders
- Facilitate interaction between respective Site Heads/HR Heads and the local community members
- Monitor media coverage, including both print and social media
- Foster employee awareness about their roles in upholding Company's reputation

