

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

RISK MANAGEMENT POLICY

1. PREAMBLE

- 1.1. Risk is an integral and inseparable component of the business operations of a company. Risks with which a company may be faced include market risks, financial reporting risks, finance risk, fluctuations in foreign exchange, technological risks, human resource management and legal or compliance risks.
- 1.2. Sudarshan Chemical Industries Limited (the '**Company**') believes that an effective and sustained risk management policy or plan ('**Policy**') identifying significant risks with which the Company is faced or may be faced with and devising risk assessment and mitigation procedures to tackle such risks would play an important role in protecting shareholder value, improving governance processes and meeting unforeseen exigencies in the cycle of conduct of business operations of the Company.
- 1.3. The Policy focuses on assessment and minimization of business risks incidental to protection of the environment, safety of operations and compliance requirements concerning emission, waste water and waste disposal.

2. LEGAL FRAMEWORK

- 2.1. The Company is obliged to comply with Clause 49 (VI) of the Listing Agreement.
- 2.2. In view thereof, the Company is required to lay down procedures to inform the Board of Directors ('**Board**') of the Company about the risk assessment and minimization procedures.
- 2.3. The Policy will be the guiding document for risk management at the Company.

3. RISK MANAGEMENT COMMITTEE

3.1 Constitution

3.1.1 Risk Management Committee shall be formed by the Board of the Company.

3.1.2 Majority of the Committee shall consist of members of the Board of Directors.

3.1.3 The present Members of the Risk Management Committee are :

- (i) Mr.D.N.Damania, Chairman
- (ii) Mr.S.Padmanabhan, Director
- (iii) Mr.P.R.Rathi, Vice Chairman & Managing Director
- (iv) Mr.R.B.Rathi, Dy. Managing Director
- (v) Mr.A.Vij – Chief Operating Officer – Pigment Division
- (vi) Mr.N.V.Kamat – Sr. General Manager – SHE
- (vii) Mr.V.V.Thakur – Dy. General Manager – Finance

3.1.4 The members of the Risk Management Committee shall have a working familiarity with the risks associated with working of the Company .

3.1.5 The Chief Financial Officer or any person discharging the functions of the Chief Financial Officer shall act as Secretary to the Committee.

3.1.6 The quorum necessary for transacting business at a meeting of the Committee shall be two members out of which one Member shall be an Independent Director or one-third of the members of the Risk Management Committee; whichever is greater.

3.1.7 The Committee may normally meet prior to each regularly scheduled quarterly meeting of the Board or at such other time as deemed fit by it.

4. Role

4.1 The Risk Management Committee shall assist the Board with the identification and management of risks to which the Company is exposed. However they shall not be responsible to address risks which come under the purview of the Audit Committee , Nomination and Remuneration Committee or any other committee constituted by the Board to address any specific risk.

4.1.1 The Risk Management Committee shall assist the Board with monitoring and review of the Policy.

4.1.2. The Risk Management Committee shall ensure effective implementation of the Policy of the Company. This shall include :

- (i) putting in place risk management frameworks and processes;
- (ii) identifying risks and promoting a pro-active approach to treating such risks;
- (iii) conducting regular risk assessments;
- (iv) allocating adequate resources to mitigate and manage risks and minimize their adverse impact on outcomes;
- (v) striving towards strengthening the risk management system through continuous learning and improvement;
- (vi) delineating business continuity processes and disaster management plans for unforeseen exigencies and providing clear and strong basis for informed decision making at all levels of the organization;
- (vii) deploying strategies and methods to reduce the severity of risks;
- (viii) complying with all relevant laws and regulations across its areas of operation;
- (ix) communicating the Policy to the required stakeholders through suitable means and periodically reviewing its relevance in a dynamic business environment; and

4.2 Monitoring, Implementation and Amendment

- (1) The Board or Audit Committee may also identify and establish risk management systems and operational and financial controls and conduct an evaluation of the same, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.
- (2) The Policy will be continuously identified, analyzed and monitored on a regular basis by the Risk Management Committee.
- (3) The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

5. DISCLOSURES

The Board's report shall contain a statement indicating the 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.

6. APPROVAL

This Policy was approved by the Board of the Company at its meeting held on 13th February 2015 and further approved on 27th May, 2016.
