

GUJARAT POLYSOL CHEMICALS LIMITED

CIN No. U24231GJ1989PLC012892

Regi Office Address: Plot No. 1734, Third Phase, GIDC, Vapi,
Dist. Valsad, Vapi, GJ 396195 IN

Email Id: gujaratpolysol@gmail.com, Contact No. +91 99251 00331

RISK MANAGEMENT POLICY

1) BACKGROUND

Gujarat Polysol Chemicals Limited (Company) considers ongoing risk management to be a core component of the Management of the Company, and understands that the Company's ability to identify and address risk is central to achieving its corporate objectives.

The Company's Risk Management Policy (**Policy**) outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance Regulations 17(9) and 21 read with Schedule II [Para C of Part D] of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires the Company to lay down procedures about risk assessment and risk minimization.

- i. The Board of Directors of the Company shall form a Risk Management Committee (Committee) who shall periodically review this Policy of the Company so that the Management controls the risk through properly defined network. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.
- ii. The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day-to-day basis.

The Risk Management Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

2) Definitions

- i. **"Act"** means the Companies Act, 2013 as may be amended from time to time.
- ii. **"Board"** means the Board of Directors of Gujarat Polysol Chemicals Limited, as constituted from time to time.
- iii. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation, amended from time to time.

3) RISK MANAGEMENT PROGRAM

The Company's risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

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To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors as stated above, to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

The key elements of the Company's risk management program are set out below.

4) RISK IDENTIFICATION

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company majorly focuses on the following types of material risks:

- a. Financial risk;
- b. Sectoral risk including risk to travel and aviation industry;
- c. Operational risk;
- d. Customer concentration risk;
- e. Macro-economic risks including business cycles;
- f. Non-compliance to statutory obligations;
- g. Employee related risk (including IR, Skill, Talent availability /attrition, legal compliance);
- h. Information technology and cyber security risk;
- i. Original equipment manufacturer product / Platform risk;
- j. Foreign exchange risk;
- k. Sustainability risk including environment, social, corporate governance and health & safety related risks;
- l. Strategic risks;
- m. Intellectual property risk.

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5) RISK ASSESSMENT

The risk assessment is a systematic process of identifying and analysing the potential risks and determine appropriate ways to eliminate the same. This also includes in-depth research of threat, insecurity and resultant to various risks.

Risk identification is obligatory on all vertical and functional heads that with the inputs from their team members are required to report the material risks to the executive director/chairman along with their considered views and recommendations for risk mitigation.

6) SIGHT AND MANAGEMENT

i. Board of Directors

The Board is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Committees and Senior Management. The Committees or Management may also refer particular issues to the Board for final consideration and direction.

ii. Risk Management Committee

The day-to-day oversight and management of the Company's risk management program has been conferred upon the Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board of Directors on the effectiveness of the risk management program in identifying and addressing material business risks. To achieve this, the Risk Management Committee shall have the following terms of reference:

- a. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof. The risk management policy shall include the following:
 - (1) 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;
 - (2) Measures for risk mitigation including systems and processes for internal control of identified risks; and
 - (3) Business continuity plan.
- b. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

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- c. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- d. To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
- e. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- f. To implement and monitor policies and/or processes for ensuring cyber security;
- g. To frame, devise and monitor risk management plan and policy of the Company, including evaluating the adequacy of risk management systems;
- h. To review and recommend potential risk involved in any new business plans and processes;
- i. To review the Company's risk-reward performance to align with the Company's overall policy objectives;
- j. Monitor and review regular updates on business continuity;
- k. Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

iii. Senior Management

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Risk Management Committee regarding the status and effectiveness of the risk management program.

iv. Employees

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

v. Review of risk management program

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and

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updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood.

The reporting obligation of Senior Management and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Committee, the Senior Management and employees responsible for its implementation.

vi. Risk Management System

The Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:

- Risk Management system is aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.
- A combination of centrally issued policies and divisionally-evolved procedures bring robustness to the process of ensuring business risks are effectively addressed.
- Appropriate structures have been put in place to effectively address inherent risks in businesses with unique / relatively high-risk profiles.
- 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 managements processes may need to be improved. The Board reviews internal Audit findings, and provides strategic guidance on internal controls. Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

The combination of policies and processes as outlined above adequately addresses the various risks associated with our Company's businesses. The Senior Management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

7) DISCLOSURE OF THE POLICY ON PUBLIC DOMAIN

This policy and every subsequent modification, alteration or amendment made thereto, shall also be intimated to the Stock Exchange where the securities of the Company are listed and also published on the official website of the Company.

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8) REVIEW AND CHANGES

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

9) APPROVED AND ADOPTED

This Policy has been adopted by the Board of Directors of the Company in its meeting held on February 14, 2022 and the Policy shall be effective from February 14, 2022.

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