

Munak Chemicals Limited

Risk Management Policy

Pursuant to Regulation 17 (9) (b) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015

1. INTRODUCTION

In terms of Regulation 17 (9) (b) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Section 134 (3) (n) as well as Section 177 (4) of the Companies Act, 2015 the company is required to develop and implement a Risk Management Policy. This document lays down the framework of risk management at Munak Chemicals Limited ' (the 'Company') and defines the policy for the same.

2. OBJECTIVE

The main objective of this Policy is to ensure Sustainable business growth and to develop an approach in evaluating, resolving and reporting of risk associated with the company. This Policy is a guide to make decisions related to risk management and risk related issues.

3. DEFINITIONS

“Audit committee” means the Committee constituted under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

“Board of Directors” or “Board” in relation to a company means collective Body of Directors of the company under section 2(10) of the companies Act, 2013.

“Policy” means Risk Management Policy.

4. GOVERNANCE FRAMEWORK

a. Under Companies Act, 2013

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.

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.

b. Under SEBI Listing Regulations, 2015

Regulation 4 (2) (ii) Key Functions of the Board

The Board should fulfill certain key functions, including:

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.

Ensuring the integrity of the listed entity'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.

Regulation 17 (7) - Minimum Information to be placed before Board of Directors (Part A of Schedule II)

Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

Regulation 18 Role of Audit Committee (Part C of Schedule II)

The role of the Audit Committee shall include the following:

Evaluation of internal financial controls and risk management systems;

Regulation 17 - Board of Directors

The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.

5. CONSTITUTION OF RISK MANAGEMENT COMMITTEE

Risk Management Committee shall be constituted by the Board, as and when required under the applicable Statutes, consisting of such number of directors (executive or non-executive) as the Board thinks fit.

The Board shall define the roles & responsibilities of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

6. RISK PROFILE

Risk management Process would include

- a. Risk Identification
- b. Assessment of identified risk
- c. Risk mitigation
- d. Monitoring of the risk mitigation plan
- e. Risk reporting and disclosures

RISK IDENTIFICATION

In order to identify and assess business risk, the company Defines Material risk on which it presently focuses.

Material risk on which Company presently focuses can be broadly divided into following:

1. Internal Risk
2. External Risk

RISK ASSESSMENT

To meet the objectives of the Company, the Management shall consider expected and unexpected events, pursuant to which it is imperative to make effective strategies for exploiting opportunities. Accordingly, the Company shall identify key risks and develop plans for managing the same.

RISK MITIGATION

To mitigate the risk following are the strategy which the company may follow:

- a. Risk Acceptance
- b. Risk Limitations
- c. Risk Transference
- d. Risk Avoidance

RISK MONITORING

Generally every staff member of the Organization is responsible for the effective management of risk including the identification of potential risks. The Head of Departments and other Senior Management Persons in the Company at organizational levels under the guidance of the Board /Audit Committee are responsible for the development of risk mitigation plans and the implementation of risk reduction strategies.

RISK REPORTING

The Board of Directors and the Audit Committee in their meeting shall at least once in every year review the risk management framework and effectively address the

emerging challenges in a dynamic business environment and ensure that it meets the requirements of the applicable Laws and the needs of the Organization.

The Audit Committee and Board of Directors shall have the power to modify, amend or replace this Policy in part or full as may be thought fit from time to time in their absolute discretion as far as it is not in contravention of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7. DISCLOSURE OF POLICY:

The policy will be uploaded on Company's website for public information.
