

RISK MANAGEMENT POLICY

Background

This document lays down the framework of Risk Management at Parekhplast India Limited, (hereinafter referred as the 'Company') and define the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

Legal Framework

Section 134 (3) (n) of The Companies Act, 2013 requires the Company to frame Risk Management Policy to identify various elements of risk and steps taken to mitigate the same. Risk Management is a key aspect of "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the Company's activities. Risk Management Policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

Objective and Purpose

In line with the Company's objective towards increasing stakeholder value, a Risk Management Policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

Policy

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 business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In line with the regulatory requirements of Section 134(3)(n) of The Companies Act, 2013, the Company has framed a Risk Management Policy to identify and access the key business risk areas and to resolve the same for smooth operations.

Some of the risks to which the Company is exposed are:

- **Financial Risks**
Some of the machines and molds being used are imported and thus running the risk of rate fluctuation. The Company minimizes this risk by timely decision, hedging of foreign currency at its lowest rates for meeting its obligation for repayment of Foreign Currency loans and interest thereon.
- **Raw Material**
A significant portion of the raw material is being imported. The Company manages it by forward booking, natural hedge or maintenance of sufficient inventory.

- **End Products**

The Company is manufacturing packing materials which should match the technical specifications as agreed with the customers. The Company is taking all precautionary measures to manufacture the goods which are as per the technical specifications. This minimizes the risk of rejection of the products.

Oversight and Management

- **Board of Directors**

A detailed exercise is being carried out at regular intervals to identify, evaluate, manage and monitor all business risks. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

The Management may also refer particular issues to the Board for final consideration and direction.

- **Senior Management**

Senior Management must implement the action plans developed to address material business risks across the Company.

- **Employees**

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

Amendment

This Policy can be modified at any time by the Board of Directors of the Company.