

## **RISK MANAGEMENT POLICY**

### **ABOUT CARYSIL LIMITED (FORMERLY KNOWN AS ACRYSil LIMITED)**

'CARYSIL' brand is a designer brand in the best sense of the term: instantly recognizable by striking innovative looks and styling, originality in design and its ability to delight the eye. The brand must evoke pride of ownership as well as a halo of success and status in the buyer. His mission is to make Carysil an undisputed leader and the topmost one stop brand for every requirement in kitchen products.

CARYSIL Quartz Sinks are sold to discerning customers in over 40 countries worldwide like USA, UK, Germany, UAE, France, Canada, China, Far East and Gulf Countries. Carysil has also set-up a wholly owned subsidiary, Carysil GmbH in Germany in order to further strengthen its presence in the demanding European markets.

Spurred on by its success with CARYSIL Quartz Sinks, Carysil has diversified into Stainless Steel Sinks, Faucets, Food Waste Disposer, and Kitchen Appliances like Hobs & Cook Tops, Oven, Wine Chillers and Dishwashers.

### **INTRODUCTION**

#### **Purpose and scope of the Policy**

Risk is an inherent aspect of the dynamic business environment. 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 Company's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of this Policy inter alia are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the company's risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability

## **LEGAL FRAMEWORK**

### **Requirement as per Companies Act, 2013**

**Responsibility of the Board:** As per Section 134 (3) of the Act, The board of directors' report must include a statement indicating development and implementation of a risk management policy for the Company including identification of elements of risk, if any, which in the opinion of the board may threaten the existence of the Company.

**Responsibility of the Independent Directors:** As per Schedule IV of the Act, [Section 149(8)] - Independent directors shall help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct; Independent directors should satisfy themselves that financial controls and the systems of risk management are robust and defensible.

### **Requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The company through its Board of Directors shall constitute a Risk Management Committee. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") across its different clauses, lays greater stress on risk policy being one of the vital functions of Board and requires that –

- The board shall ensure that, while rightly encouraging positive thinking does not result in over-optimism that either leads to significant risks not being recognized or exposes the entity to excessive risk.
- Disclosures in Annual Report - Risks & Concern. The Risk Management Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

## **RISK MANAGEMENT COMMITTEE**

As per SEBI Circular dated May 5, 2021 read with Regulation 21 of SEBI Listing Regulations as amended, the constitution of Risk Management Committee has become mandatory for the top 1000 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year.

The Company is amongst top 1000 listed entities based on aforesaid criteria for the year ended March 31, 2021. The Risk Management Committee shall meet at least twice in a year in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

The quorum for the Risk Management Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one independent director. The Risk Management Committee shall have minimum three members with majority of them being members of the Board of Directors, including at least one Independent Directors.

### **APPLICABILITY**

This revised Policy shall come into force with effect from **July 29, 2023**.

### **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.

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.

#### **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:

1. Commodity risk;
2. Supply chain Risk
3. Business risk;
4. Foreign exchange risk;
5. Technological risks;
6. Strategic business risks;
7. Operational risks;
8. Quality risk;
9. Warranty risk;
10. Competition risk;
11. Realization risk;
12. Cost risk;
13. Financial risks;
14. Human resource risks;
15. IT (Information Technology) risks including System Software;
16. Legal/regulatory risks.

## **OVERSIGHT AND MANAGEMENT**

### **Board of Directors**

The 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.

### **Risk Management 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 Committee is responsible for:

1. Managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
2. Setting up internal processes and systems to control the implementation of action plans;
3. Regularly monitoring and evaluating the performance of management in managing risk;
4. Providing management and employees with the necessary tools and resources to identify and manage risks;
5. Regularly reviewing and updating the current list of material business risks;
6. Regularly reporting to the Board on the status of material business risks;
7. Review and monitor cyber security; and
8. Ensuring compliance with regulatory requirements and best practices with respect to risk management.

Further, the Company is exposed to supply chain risks on a routine basis due to multiple Raw materials (imported or domestically procured) utilized in its manufacturing operations. Such risks are managed by a detailed and regular review at a senior level of various factors.

### **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.

## **Employees**

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

## **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 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.

## **RISK MANAGEMENT SYSTEM**

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

1. The Corporate Governance Policy clearly lays down the roles and responsibilities of the various entities in relation to risk management. A range of responsibilities, from the strategic to the operational is specified in the Governance Policy. These role definitions, inter alia are aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.
2. A combination of centrally issued policies and divisionally – evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.
3. Appropriate structures have been put in place to effectively address the inherent risks in businesses with unique / relatively high risk profiles.
4. 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 Audit Committee of 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.
5. The company has a business planning system to set targets and parameters for operations which are reviewed with actual performance to ensure timely initiation of corrective action, if required.

The combination of policies processes as outlined above adequately addresses the various risks associated with your Company's businesses.

The senior management of the Company periodically reviews the risk management's framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment

**Amendment:**

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.