RISK MANAGEMENT POLICY

JAYSYNTH DYESTUFF (INDIA) LIMITED

RISK MANAGEMENT POLICY

INTRODUCTION

Companies Act, 2013 mandates, every company to formulate a risk management policy which entails the procedural aspects to deal with the risks relating to the Company and providing a framework to analyse the risks associated with the Company and provide a step – by – step analysis for implementing the risk mitigation process.

Section 177(4) stipulates:

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include;—

(vii) evaluation of internal financial controls and risk management systems.

Clause 49 of the Listing Agreement with the Stock Exchange provides as follows:

KEY FUNCTIONS OF THE BOARD

The Board should fulfil certain key functions, including:

a. 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.

1. Ensuring the integrity of the company'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.

OBJECTIVE

The objective of the Policy is to locate the risk factors, analyse such factors and develop ways to mitigate the risks involved in the business and ensure implementation of such solutions to mitigate the risks.

APPLICABILITY

This Policy shall be applicable with effect from 28th May, 2014.

OVERVIEW OF THE POLICY

The Board of Directors of the Company as a whole and the Members of the Audit Committee in particular have a significant role in the matters relating to the risks associated with the business of the Company.

The Company is required to do as follows:

1. Identify the risk affecting the business (Risk Identification)
2. Analyse the gravity / impact of such risks on the business of the Company (Risk Evaluation)
3. Estimate the potential loss/damage due to such risk
4. Initiate steps to mitigate such risks.
5. Report to the Board at each step

1. IDENTIFICATION OF RISK - Management / Employees / Directors shall identify the risk factors affecting the organisation viz; regulatory risks, risks arising out of competition, technological risks etc.

2. RISK EVALUATION - Once the risk is identified , the impact of such risk on the business shall be evaluated and the same shall be prioritise according to impact. In other words steps shall be taken for risks which has huge impact on the business of the Company and risks which do not have significant impact on the business shall be treated accordingly.

3. RISK ESTIMATION – Company is also required to estimate the potential loss / damage it might suffer due to such risk s. Various steps for prevention of such loss shall be taken by the Company. For example Company may undertake hedging for protecting the Company from Foreign Exchange Losses.

4. RISK MITIGATION – The Company shall take all necessary steps to mitigate the risks involved in the business of the Company.

5. REPORTING – The Company shall keep the Audit Committee in particular and the Board as a whole informed at each step involved in the matter relating to risk associated with business.

AMMENDMENTS/REVIEW OF THE POLICY

The Policy shall be reviewed and amended by the Board subject to recommendation of the Audit Committee as and when necessary.