



ASTRAL LIMITED

RISK MANAGEMENT POLICY

## **ASTRAL - RISK MANAGEMENT POLICY**

### **Preamble:**

- Astral Limited (hereinafter referred to as 'Astral or Company' is in the business of manufacturing and supply of plastic products used for various applications like plumbing, drainage, agricultural, infrastructure, industrial, fire protection etc. This business carries various internal and external risks.
- In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. This policy aims to clearly lay down framework for risk management at the Company.

### **Objective:**

Key objective of this Policy is to create and protect Stakeholders' value under all adverse situations through early identification and mitigation of risk and thereby ensuring sustainable business growth with stability.

### **Regulatory Framework:**

Corporate Governance norms of SEBI and the Companies Act 2013 have incorporated various provisions in relation to Risk Management. Brief of some provisions are as under:

Section 134(3) of the Companies Act 2013 necessitates that the Board's Report should contain a statement indicating development and implementation of Risk Management Policy including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

Section 177(4)(vii) of the Companies Act 2013 require that every Audit Committee shall act in accordance with the terms of reference in writing by the Board which shall *inter alia* include evaluation of Risk Management System.

Regulation 21 of SEBI (LODR) Regulations 2015 as amended from time to time provides for constitution of Risk Management Committee and delegation of review and monitoring of risk management systems to the said committee. Further, Risk Management Policy shall include;

(a) 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.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to

monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer

(if any) shall be subject to review by the Risk Management Committee.

**Area of Application:**

This Policy shall apply to all areas of Company's operations.

**Risk management Framework:**

Risk Management typically includes three steps. (i) Risk Identification (ii) Risk Assessment and (iii) Risk Mitigation.

- **Risk Identification:**

The Company is exposed to various kinds of internal and external risk. Major Risk Categories are listed as under:

- **Internal Risks Factors**  
Financial Reporting  
Quality & Project Management  
Dependency on key distributors  
Human Resources Management  
Compliance with Laws
- **External Risk Factors:**  
Exchange Rate fluctuations  
Crude price fluctuation  
Real Estate market conditions  
Changes in technology (PVC/CPVC)  
Environment, Social, Governance (ESG)  
Cyber Security  
Economic and Political environment

- Risk assessment:

Having identified the risk factors, the next important step is to assess the risk. At Astral, risk factors are rated on the scale of High-Medium-Low. Based on the likelihood of occurrence of event and extent of damage, the risks are assessed as under

<b>Risk Factor</b>	<b>Rating</b>
<i>Internal Risk Factors:</i>	
Financial Reporting	High
Quality & Project Management	Medium
Dependency on key distributors	Medium
Human Resources Management	Medium
Compliance with Laws	Medium
<i>External Risk Factors</i>	
Exchange Rate fluctuations	High
Crude price fluctuation	Medium
Real Estate market conditions	Medium
Changes in technology (PVC/CPVC)	High
Environment, Social & Governance (ESG)	High
Cyber Security	High
Economic and Political environment	Low

Further, based on the above risk factors, risk for each department is identified. Risk register is being maintained by each department and parameters is fixed for each risk which shall require escalation to higher authority.

- Risk mitigation:

Once the risks have been assessed and prioritized, comprehensive mitigation strategies are defined for each risk. Each employee and process owner of the Company is responsible for implementation of the risk management system as may be applicable to respective area of functioning. Each employee is duty bound to report the risk based on the defined parameters for each process to respective departmental head. Each Departmental Head shall take immediate action to review the risk and implement mitigation strategy. The Company shall have separate Hedging Policy under direct control and supervision of the Chief Financial Officer to effectively manage inherent forex risks.

**Risk Management Governance Structure:**

In order to effectively review and monitor risk management across the organization, following governance structure is followed.

Risk Officers	Each departmental/plant head shall act as Risk Officer for his/her department. It is the duty of the Risk Officer to immediately implement the risk management system in its department and immediately escalate the risk going beyond normal conditions to the Risk Management Committee through e-mail to the Managing Director and/or Chief Financial Officer. Risk register shall be maintained identifying risk and mitigation strategy for each process.
Risk Management Committee	It shall comprise of Chairman of Audit Committee, Managing Director and the

	Chief Financial Officer and other Members. The Committee shall meet at least twice in a year to review and monitor the risk management processes including cyber security.
Audit Committee / Board of Directors	It shall review the implementation of policy on half yearly basis and may ask for reports from Risk Management Committee

**Business Continuity Plan (BCP):**

The BCP ensures that personnel and assets are protected and are able to function quickly in the event of a disaster. The BCP is generally conceived in advance and involves input from key stakeholders and personnel.

BCP involves defining any and all risks that can affect the company's operations, making it an important part of the organization's risk management strategy. Risks may include natural disasters – fire, flood, or weather-related events – and cyber-attacks. Once the risks are identified, the plan to include:

- ✓ Determining how those risks will affect operations
- ✓ Implementing safeguards and procedures to mitigate the risks
- ✓ Testing procedures to ensure they work
- ✓ Reviewing the process to make sure that it is up to date

**Review:**

This policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of the organization.