



**PUNJAB CHEMICALS
AND CROP PROTECTION LTD.**

RISK MANAGEMENT POLICY

CIN NO.: L24231PB1975PLC047063

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1. Foreword:

Revised clause 49 of the Listing Agreement has made it mandatory for all listed companies to have properly laid down framework for Risk Management. Hence the Board of Directors in its meeting held on 28th May, 2015 has formulated the Risk Management Policy of the Company, which identifies and evaluates various risks and mitigating efforts to resolve such risks. This policy broadly covers all the areas of operations of the Company.

The Board of Directors, Sr. Management and Audit Committee of the Company should periodically review the policy and monitor its implementation to ensure the risk minimization and smooth running of the business.

Punjab Chemicals and Crop Protection Limited (hereinafter referred to as "PCCPL") manufactures a wide range of agro chemicals, specialty chemicals, other chemicals and their intermediates produced for other industries and is exposed to various risks, arising out of internal and external factors. Therefore, the concerned departments assess the risks in their areas of operation properly and determine the most economical way to avoid them entirely or reduce to a minimum level. This minimization of risk protect PCCPL's interests, assets and employees.

2. Policy Objective:

The objective of the policy is to enhance the capability of PCCPL to deal with all strategic and operational risks effectively through implementation of appropriate policies and facilitating the process of Risk Management. The policy will also define and document the approach and the elements of framework that will be adopted in implementing the Risk Management in the Company.

3. Role of Board and Executives:

a. Board:

- The Board of Directors shall guide and advise on the Risk Management plan of the Company.
- Report of Board of Directors will include details about the development and implementation of the Policy and this will cover identification of various risks, arising out of internal and external elements, as faced by the Company and the mitigating efforts for tackling the same.

b. Executives:

- Periodically examine and evaluate the effectiveness of the Risk Management framework, track progress and report on best practices.
- Ensure that a supportive learning environment exists for Risk Management.
- Ensure that the risks are prioritized and appropriate Risk Management strategies are in place to respond to the identified risks.

4. Key Business Risks

The broad categories of the risks identified are as under :

- **Industry:**

Risks relating to inherent characteristics of the industry such as indifferent weather, leading to demand fluctuation and industry downturn.

- **Competition:**

Risks arising out of competitive forces in the market, that can affect profitability.

- **Inputs:**

Risks arising out of non-availability of some key inputs and raw materials, which will affect productions plans.

- **Geography:**

Risks relating to excessive dependence on one or two geographies, which can impact revenues in case of localized downturn.

- **R & D:**

Risks relating to the immunity developed against company's products by insects/pests and innovative products are not introduced to counter such immunity.

- **Receivables:**

Risks relating to high receivables at certain times of seasons, impacting the working capital negatively.

- **Regulations:**

Risks relating to inadequate compliance to regulations worldwide and non-compliance arising out of failure to address changes in government policies from time to time, resulting in cancellation of registration of some products.

- **Foreign Currency Exchange:**

Risks relating to fluctuations in the foreign currency, that can severely hamper the profits of the Company.

5. Application and Coverage:

This policy applies to all the operations, locations and offices of PCCPL.

The Board and the senior executives of the Company will oversee the implementation of the policy. On quarterly basis, the Board will be updated on key risks faced by the Company and the mitigating actions taken to resolve them. The functional managers at all locations will be responsible for identifying and assessing the risks within their areas of responsibilities and actions agreed beforehand to resolve such risks. They will report for any new risk or changes in the existing risk.

6. Review & Reporting:

- Risks status / inventory will be reviewed annually.
- Reporting to the Board / the Managing Director the performance under the Risk Management Framework.

7. Policy Review:

The policy shall be reviewed from time to time to ensure that it complies with the requirement of legislation.