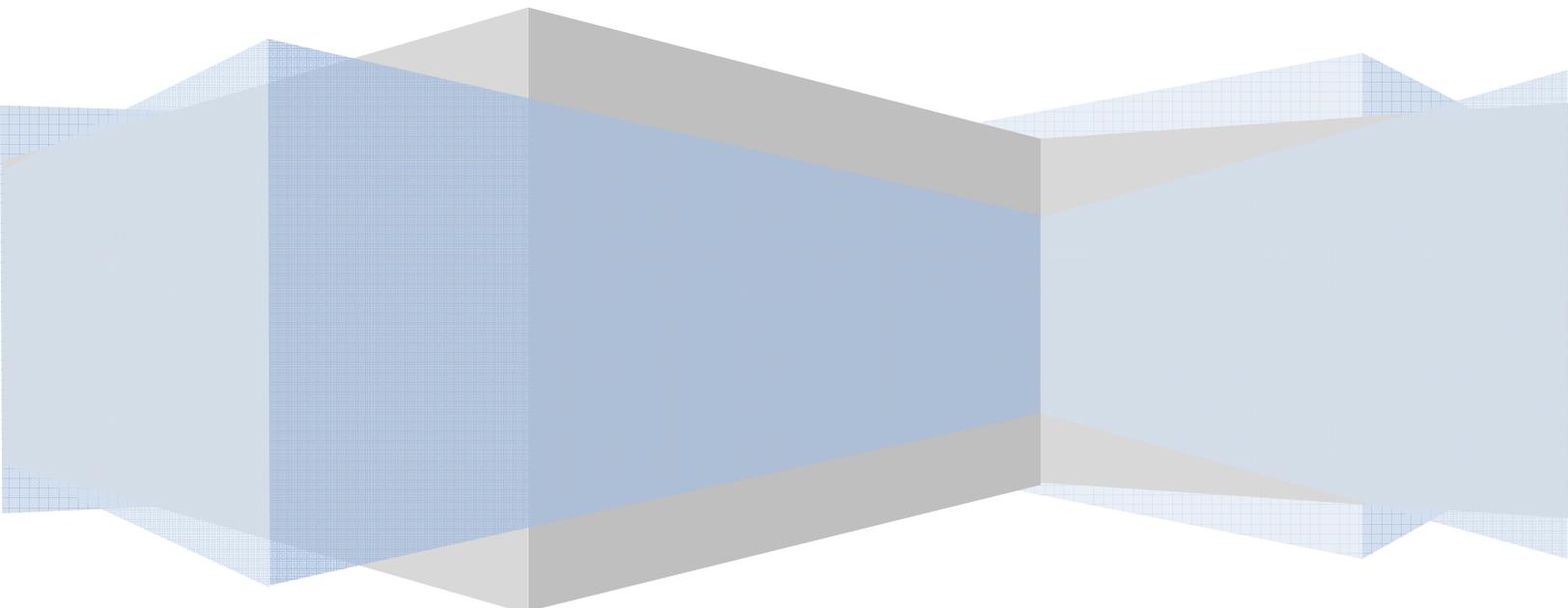


GARWARE POLYESTER LIMITED

**ENTERPRISE RISK
MANAGEMENT POLICY**

Secretarial & Legal

Version - I



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1. PREAMBLE:

SEBI, vide its circular No. CIR/CFD/Policy Cell/2/2014 dated 17.04.2014 has made it mandatory for all the listed entities under Clause 49VII(C) of the Listing Agreement to constitute a Risk Management Committee. Further there is a reference under Section 134(3)(n) of the Companies Act 2013, whereby a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of Board may threaten the existence of the Company. Hence this formal policy document on Risk Management and the constitution of the Committee is therefore drafted and approved by the Board of Directors of Garware Polyester Limited (GPL).

2. POLICY STATEMENT:

GPL is committed to ensuring that Enterprise risk management practices are entrenched into all business processes and operations to drive consistent, effective and accountable action, decision making and management practice. The Enterprise Risk Management Policy includes risk identification, risk assessment, risk mitigation and monitoring on a periodical basis.

3. RISK DEFINITION:

Risk can be defined as the combination of the probability of an event and its consequences that constitute opportunities for benefit or threats to success.

4. PURPOSE:

GPL recognises that risk is dynamic and is inherent in all external and internal operating environments and is committed to managing all risks effectively. Effective risk management is a means for achieving competitive advantage and is pivotal to enabling the ongoing growth and success to our business.

Risk management is a central part of any organization's strategic management. It is the process whereby organizations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.

The focus of good risk management is the identification of these risks and treatment of the same. Its objective is to add maximum sustainable value to all the activities of the organization. This policy sets out the objectives and accountabilities for the management of risk within GPL.

GPL is a recognised pioneer and leader in the manufacturing business of polyester films having wide range of applications. The Management realizes that in order to continue the dominance of the Company's position in this challenging market scenario, we need to understand the opportunities and challenges our business is faced with, now and into the future.

The environment in which GPL operates has changed significantly over the past decade, predominantly as a result of globalization, the introduction of competitive markets, industry consolidation and integration along the value chain. This in turn has resulted in considerable change to external as well as internal operations, including our risk profile.

In order to sustain the Company's growth, it is pertinent to maintain a prudent balance among our strengths, weaknesses, opportunities and threats. In short the need for business growth compels us to optimize a balance between mitigating threats and exploiting opportunities thereby creating and protecting value of the Company.

Just as risk is inherent in each operation of any organization, risk management is also inherent in all decision making and management processes. Risk Management is essential to good corporate governance and is a fundamental component of good management practice.

This policy sets out the objectives and accountabilities for the management of risk within GPL such that it is structured, consistent and effective.

5. SCOPE:

This Policy is applicable to all GPL businesses and to all its Directors, employees whether permanent /temporary/contractual. For the sake of brevity hereinafter, GPL's directors, all employees and contractors are referred to collectively as

“employees”. External and internal risk factors that could potentially affect performance of the company vis-à-vis stated objectives are identified and reported in the business review meetings periodically. These are subsequently reported to the Board.

6. OBJECTIVES:

Effective risk management within GPL has a number of objectives like;

- i) Promote an enterprise wide approach by integrating risk management processes with:
 - business strategy; project management; process and decision making;
 - audit, insurance and specialist risk functions; and
 - compliance and general governance functions.
- ii) Promote consistency and transparency in methodology, assessment and management processes.
- iii) Promote proactive recognition of external factors and anticipate uncertainties that may affect the achievement of strategy.
- iv) Protect the interests of GPL shareholders.
- v) Provide assurance to counterparts, customers, employees and the community.
- vi) Provide appropriate, consistent and transparent ownership and accountability around risk mitigation.
- vii) Enable the design and implementation of controls that:
 - are structured to promote effective realisation of objectives;
 - provide appropriate assurance; and
 - are cost effective.

- viii) Recognise that timely and accurate monitoring, review, communication and reporting of risk is critical to:
- providing early warning mechanisms for the effective management of risk occurrences and consequences;
 - providing assurance to management, the Board and shareholders;
 - providing a solid platform for growth; and

7. ACCOUNTABILITIES:

GPL- Board

The Board has ultimate responsibility for over-seeing the performance of GPL including monitoring of risk management and internal control systems. To assist it in discharging its responsibilities, the Board has established an Audit Committee comprising of majority of Independent Directors. Audit Committee is inter-alia therefore made responsible for maintaining and overseeing a sound system of internal controls to identify, assess, monitor and manage the associated risks that are significant to the fulfilment of GPL's business objectives.

GPL-Audit Committee

More specifically, the responsibility of Audit Committee under this policy document is;

- To review and approve GPL's risk management policy and framework for identifying, assessing, monitoring and managing risk;
- To regularly review GPL's updated risk profile;
- To review at least annually, GPL's implementation of the risk management policy and framework; and

Internal Auditor

GPL's Internal Auditor is an independent appraisal function established to provide assurance to the Board, the Audit Committee and the Executive Committee about the adequacy and effectiveness of existing internal controls vis-à-vis the associated risks.

In the context of this policy, Internal Audit function is more specifically responsible for:

- Developing and implementing an annual audit plan having regard to GPL's material risks;
- Reviewing the effectiveness of GPL's risk management policy and risk management processes; and
- Notifying new and emerging risks identified in the course of implementing the audit plan and, wherever necessary, modifying the audit plan to take account of the impact of new risks: and
- Reporting to the Audit Committee no less frequently than quarterly on risk and compliance issues;

Head Internal Audit/Chief Financial Officer (CFO):

Within the GPL organization, the Head Internal Audit / CFO is responsible for:

- Identifying the associated business risks (both internal & external);
- Supporting the businesses in identifying and implementing risk and compliance processes;
- Promoting and facilitating a standardized approach to effective risk and compliance management;
- Providing representation to the observations made by Internal Audit process,

- Reporting the representation on internal audit observations to the Audit Committee members during Audit Committee Meetings and also to Executive Committee regularly on material risks and issues;
- Maintaining and reviewing the GPL Risk Management and Compliance Frameworks (including relevant policies and processes) in consultation with Audit Committee.

Employees

It is the responsibility of all GPL employees to:

- 1) Report to their immediate business head or supervisor, any real or perceived risks that become apparent and may significantly affect GPL's:
 - ❖ Commercial viability;
 - ❖ Profitability;
 - ❖ Assets;
 - ❖ Business continuity;
 - ❖ Customers;
 - ❖ Regulatory and/or legal obligations;
 - ❖ Reputation; and/or
 - ❖ People and/ or their safety.
- 2) Report to their immediate business head or supervisor, any real or perceived risks that GPL's operations may significantly affect the broader:
 - ❖ Environment and/or Community.
- 3) Look for opportunities to improve operational efficiencies and optimise outcomes.

8. RISK MANAGEMENT PROCEDURES / REQUIREMENTS:

Each area of the business is accountable for managing risks and must maintain a “Register of Risks” relating to material risk exposures to their functional area;

Each business head needs to carry out a thorough risk identification and assessment process of his functional area and enter the details of identified risks in the ‘Register of Risks’;

The risks so identified and registered shall be reported and escalated with the Head Internal Audit / CFO with the comments of the concerned business head for managing the reported risks;

Review of escalated risks shall be conducted regularly (dependent on business requirements) by Head Internal Audit / CFO and shall be reported to the Audit Committee with its comments thereto.

9. RELATED & SUPPORTING POLICIES:

This Risk Management Policy is supported by, and linked to, specific GPL policies and standards as issued from time to time. These policies and standards include, but are not limited to:

- ✓ Corporate Code on Business conduct and ethics,
- ✓ Compliance Policy and Program (Task Reminder System),
- ✓ Accounting Policies and Procedures,
- ✓ Treasury Policy,
- ✓ Health, Safety & Environment Policy,
- ✓ Employment Opportunity and related Policies,
- ✓ Corporate Social Responsibility Policy,
- ✓ Whistle Blower Policy.

10. POLICY ADMINISTRATION:

This Policy is administered by Head Internal Audit/Chief Financial Officer (CFO). The Policy is to be reviewed every two years. Changes to the Policy require Board approval.