



RISK MANAGEMENT POLICY

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RISK MANAGEMENT POLICY

Polynova Industries Limited a Limited Company, is required to adhere to the regulations made by the Companies Act, 2013 shall be complied with.

1. Introduction

The Board of Directors of Polynova Industries Ltd ('the Company') has adopted the following policy and procedures with regard to risk management as defined below. The Company is in the process of forming a Risk Management Committee. The Board may review and amend this policy from time to time.

2. Definitions

"Audit Committee" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Listing agreement.

"Board of Directors" or "Board" in relation to a Company, means the collective body of Directors of the Company. [Section 2(10) of the Companies Act, 2013]

"Policy" means Risk Management Policy.

3. Back Ground And Implementation

The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

4. Objective

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 business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

5. The specific objectives of the Risk Management Policy are:

1. 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.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability.

6. Regulatory framework/ requirement

Risk Management Policy is framed as per the following regulatory requirements:

6.1 Companies Act, 2013

1. Provisions of the Section 134(3) there shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—
(n) 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 the Board may threaten the existence of the company.
2. Provisions of the Section 177(4) 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.
3. Schedule IV [Section 149(8)] - Code for Independent Directors

II. Role and functions:

The independent directors shall:

- (1) 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;
- (2) satisfy themselves on the integrity of financial information and those financial controls and the systems of risk management are robust and defensible;

7. Constitution of Risk Management Committee

Risk Management Committee shall be constituted by the company consisting of such number of directors (executive or non-executive) as the Company thinks fit. The majority of Committee shall consist of members of the Board of Directors. Senior executives of the Company may also be members of the said committee but the Chairman of the Committee shall be a member of the Board of Directors.

8. Meetings and Quorum

The quorum necessary for transacting business at a meeting of the Committee shall be two members.

9. Authority

The Committee shall have free access to management and management information. The Committee, at its sole authority, may seek the advice of outside experts or consultants where judged necessary.

10. Role of The Board

The Board will undertake the following actions to ensure risk is managed appropriately:

1. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
2. 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.
3. Ensure that the appropriate systems for risk management are in place.
4. The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible; Participate in major decisions affecting the organization's risk profile;
5. Have an awareness of and continually monitor the management of strategic risks;
6. Be satisfied that processes and controls are in place for managing less significant risks;
7. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
8. Ensure risk management is integrated into board reporting and annual reporting mechanisms;
9. Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

11. Risk Management Committee

The Board of Directors of the Company at their meeting held on 31st December, 2014 have formed a Risk Management Committee comprising of following persons who shall periodically review the risk management policy of the Company so that the management controls the risk through properly defined network.

| | | | |
|----|------------------------|---|--|
| a. | Mr. Sunil Makharia | : | Director |
| b. | Mr K R Gupta | : | Director |
| c. | Mr. Pradeep Sanganeria | : | Chief Financial Officer of the Company |

12. Risk Management Program

The day to day oversight and management of the company's risk management program has been conferred upon the 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 on the effectiveness of the risk management program in identifying and addressing material business risks. To achieve this, the Risk Management committee is responsible for:

- 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;
- setting up internal processes and systems to control the implementation of action plans;
- regularly monitoring and evaluating the performance of management managing risk;
- providing management and employees with the necessary tools and resources to identify and manage risks;
- regularly reviewing and updating the current list of material business risks;
- regularly reporting to the Board on the status of material business risks; and
- ensuring compliance with regulatory requirements and best practices with respect to risk management.

13. 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 presently focuses on the following types of material risks:

1. technological risks;
2. strategic business risks;
3. operational risks;
4. quality risk;
5. competition risk;
6. foreign exchange risk;
7. realization risk;
8. cost risk;
9. financial risks;
10. human resource risks; and
11. legal/ regulatory risks.

14. Review

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

For POLYNOVA INDUSTRIES LIMITED

SUNIL MAKHARIA
Director
DIN: 00064399