

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228, Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com, Web : www.indiagelatine.com CIN – L99999GJ1973PLC002260

INDIA GELATINE & CHEMICALS LIMITED

Risk Management Policy

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228,

Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com,

Web : www.indiagelatine.com

CIN – L99999GJ1973PLC002260

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228, Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com, Web : www.indiagelatine.com CIN – L99999GJ1973PLC002260

Sr. No.	Contents	Page No.
1.	Introduction	3
2.	Objectives of the Policy	3
3.	Definitions	3
4.	Risk Appetite	4
5.	Risk Management Framework	4
6.	Risk Profile	5
7.	Governance Structure	7
8.	Review of the Policy	8
9.	Disciplinary Action	8

The Board of Directors reviewed and updated the Policy at their meeting held on 09.02.2023

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228, Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com, Web : www.indiagelatine.com CIN – L99999GJ1973PLC002260

1. INTRODUCTION

Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the activities of India Gelatine and Chemicals Limited, (the “Company”). Risk Management Policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

2. OBJECTIVES OF THE POLICY

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

3. REGULATORY REQUIREMENTS

3.1 Companies Act, 2013

- a) 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—

134 (3)(n) of the Companies Act, 2013 which requires every company to attach to its Board Report a statement indicating development and implementation of a Risk Management Policy for the Company including identification therein of element of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

- b) Section 177(4) (vii) stipulates

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

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228, Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com, Web : www.indiagelatine.com CIN – L99999GJ1973PLC002260

177(4)(vii) Evaluation of internal financial controls and risk management systems.

3.2 Schedule IV [Section 149(8)] Code for Independent Directors

II Role and functions: The independent directors shall

II(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;

II(4) Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

3.3 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

4. (2) (f) (ii) Key functions of the board of directors:-

(1) 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.

(7) Ensuring the integrity of the listed entity'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.

4. DEFINITIONS

- a. "Audit Committee" means "Audit Committee" constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, from time to time.
- b. "Board" means Board of Directors of India Gelatine and Chemicals Limited.
- c. "Company" means India Gelatine and Chemicals Limited.
- d. "Risk" is defined as the chance of a future event or situation happening that will have an impact upon company's objective favorably or unfavorably. It is measured in terms of consequence and likelihood.
- e. "Risk Management" encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring.

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228, Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com, Web : www.indiagelatine.com CIN – L99999GJ1973PLC002260

5. RISK APPETITE

- 5.1 A critical element of the Company's Risk Management Framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of the business objectives.
- 5.2 The key determinants of risk appetite are as follows:
- i. Shareholder and investor preferences and expectations;
 - ii. Expected business performance (return on capital);
 - iii. The capital needed to support risk taking;
 - iv. The culture of the organization;
 - v. Management experience along with risk and control management skills;
 - vi. Longer term strategic priorities.
- 5.3 Risk appetite is communicated through the Company's strategic plans. The Board and management monitor the risk appetite of the Company relative to the Company's actual results to ensure an appropriate level of risk tolerance throughout the Company.

6. RISK MANAGEMENT FRAMEWORK

- 6.1 The Company believes that risk should be managed and monitored on a continuous basis. As a result, the Company has designed a dynamic risk management framework to allow to manage risks effectively and efficiently, enabling both short term and long term strategic and business objectives to be met.

- 6.2 The Company's approach to risk management is summarized as below:

a) Identification of risks

To ensure key risks are identified, The Company:

- i. Defines the risks in context of the Company's strategy;
- ii. Documents risk profiles, including a description of the material risks; and
- iii. Regularly reviews and updates the risk profiles.

b) Assessment of risks

The Risk assessment methodology shall include:

- i. Collection of information;
- ii. Identification of major risks;

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228, Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com, Web : www.indiagelatine.com CIN – L99999GJ1973PLC002260

- iii. Rating of each risk on the basis of: Consequence, Exposure, Probability
- iv. Prioritization of risks;
- v. Function-wise exercise on risk identification, risk rating, control;
- vi. Function-wise setting the level of responsibility and accountability.

c) Measurement and control

Identified risks are then analyzed and the manner in which the risks are to be managed and controlled are then determined and agreed. The generally accepted options are:

- i. Accepting the risk (where it is assessed the risk is acceptable and where avoiding the risk presents a greater risk through lost opportunity);
- ii. Managing the risk (through controls and procedures);
- iii. Avoiding the risk (through stopping the activity);
- iv. Transferring the risk (through outsourcing arrangements);
- v. Financing the risk (through insurance arrangements).

d) Continuous assessment

The Company's Risk Management Framework requires continuing cycle of implementing, monitoring, reviewing and managing the risk management processes.

7. RISK PROFILE

7.1 The identification and effective management of risks is critical in achieving strategic and business objectives of the Company. The Company's activities give rise to a broad range of risks which are considered under the following key categories of risk:

7.1.1 Strategic Risks

- a. Lack of responsiveness to the changing economic or market conditions, including commodity prices and exchange rates, that impact the Company's operations;
- b. Ineffective or poor strategy developed;
- c. Ineffective execution of strategy.

7.1.2 Financial Risks

- a. Financial performance does not meet expectations;
- b. Capital is not effectively utilized or managed;

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228, Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com, Web : www.indiagelatine.com CIN – L99999GJ1973PLC002260

- c. Cash flow is inadequate to meet financial obligations;
- d. Financial results are incorrectly accounted for or disclosed; and
- e. Credit, market and/or tax risk is not understood or managed effectively.

7.1.3 Operational Risks

- a. Difficulties in commissioning and operating a particular business;
- b. Unexpected increase in the costs of the components required to run a business;
- c. Adverse market conditions;
- d. Failure to meet the expenditure commitments on prospecting/marketing particular business;
- e. Inadequate or failed internal processes, people and systems for running a particular business.

7.1.4 Investment Risks

Failure to provide expected returns for defined objectives and risk such as underperforming to the stated objectives and/or benchmarks.

7.1.5 People's Risk

- a. Inability to attract and retain quality people;
- b. Inadequate succession planning;
- c. Inappropriate work culture & ethics;
- d. Inefficient whistle blower mechanism and;
- e. Inappropriate policy for woman safety at work place.

7.1.6 Legal and Regulatory Risks

- a. Legal/Commercial rights and obligations are not clearly defined or misunderstood; and
- b. Commercial interests not adequately protected by legal agreements.

7.1.7 Compliance Risks

Non-conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228, Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com, Web : www.indiagelatine.com CIN – L99999GJ1973PLC002260

8. GOVERNANCE STRUCTURE

8.1 The Company's Risk Management Framework is supported by the Board of Directors, Management and the Audit Committee.

a) Board of Directors

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

- I. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;
- II. Ensure that the appropriate systems for risk management are in place;
- III. Participate in major decisions affecting the organization's risk profile;
- IV. Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;
- V. Be satisfied that processes and controls are in place for managing less significant risks;
- VI. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- VII. Ensure risk management is integrated into board reporting and annual reporting mechanisms.

b) Management

- I. Management is responsible for monitoring and whether appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met;
- II. To assist the Board in discharging its responsibility in relation to risk management;
- III. When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material aspects, of the Company's financial

INDIA GELATINE & CHEMICALS LIMITED

77/78/79, Mittal Chambers, 228, Nariman Point, Mumbai – 400 021. INDIA

Tel : +91 22 2202 0341 Fax : +91 22 2284 5522

Email : igcl@indiagelatine.com, Web : www.indiagelatine.com CIN – L99999GJ1973PLC002260

position and comply in all material aspects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks;

IV. Reporting to the Board of Directors consolidated risks and mitigation strategies on a timely basis.

c) **Audit Committee**

I. The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company;

II. The Committee is also responsible for monitoring overall compliance with laws and regulations.

9. REVIEW OF THE POLICY

9.1 The Board will review this Policy from time to time to ensure it remains consistent with the Board's objectives and responsibilities.

10. DISCIPLINARY ACTION FOR NON ADHERENCE OF THE CLAUSE OF THE POLICY

Disciplinary action shall be initiated for any violation of this policy or the guidelines framed there under.

Therefore, this Policy prescribes that violation of the provisions applicable to Risk Management Framework is something the Company cannot afford to risk.