BOROSIL LIMITED

RISK MANAGEMENT POLICY

Introduction:

This Policy is in compliance with SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 and provisions of Companies Act, 2013 read with Rules made thereunder which requires the Company to lay down procedures about the risk assessment and risk minimization.

Borosil Limited ("BL" or "the Company") recognizes that enterprise risk management is an integral part of good management practice. Risk management is an essential element in achieving business goals and deriving benefits from market opportunities.

Policy Overview:

The Company's risk management policy relates to identification, assessment, monitoring and mitigation of various risks to our business. The policy seeks to minimize adverse impact on our business objectives and enhance stakeholder value. Further, our risk management practices seek to sustain and enhance long–term competitive advantage of the Company.

Borosil Limited like any other business entity is exposed to normal industry risk factors of competition, economic cycle and uncertainties in the international and domestic markets. No business can be conducted without accepting a certain level of risk, and any expected gain from a business activity is to be assessed against the risk that activity involves.

The Company's policy is to identify risks particularly those risks which can threaten the existence of the Company. At the same time, the Company will also determine such risks which are within the limit of risk acceptance, followed by actions which need to be taken to avoid, mitigate, transfer or to purely monitor the risk.

Risk Management at BL is a continuous process of analysing and managing the opportunities and threats faced by the Company in its efforts to achieve its goals, and to ensure the continuity of the business.

1. Introduction:

1.1 Objectives

Risk is an inherent aspect of the dynamic business environment. Risk Management Policy helps organizations to put in place effective frameworks for taking informed decisions about risks. To minimize the adverse consequence of risks on business objectives, the Company has framed this Risk Management Policy. The guidance provides a route map for risk management, bringing together policy and guidance from Board of Directors.

Importance of Risk Management

A certain amount of risk taking is inevitable if the organization is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance by contributing to:

- Increased certainty and fewer surprises,
- Better service delivery,
- More effective management of change,
- More efficient use of resources,
- Better management at all levels through improved decision making,
- Reduced waste and fraud,
- better value for money,
- Innovation,
- Management of contingent and maintenance activities.

1.2 Definitions

Company: means Borosil Limited.

Audit Committee: Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and SEBI (LODR).

Board of Directors / Board: As per Section 2(10) of "The Companies Act, 2013", in relation to a Company, means the collective body of Directors of the Company.

RMP / Policy: Risk Management Policy

2. Classification of Risks

The risk can be classified as follows:

Firstly, the risk can be identified as being internal or external, secondly subject matter wise the risk can be classified as:

I. Operational risks
II. Financial risks
III. Sectorial risks
IV. Sustainability risks (particularly, environment, safety and governance related risks)
V. Information, Cyber security risks
VI. Other Risks

I. OPERATIONAL RISKS:

Operational Risks/Business risk relates to the day to day business activities carried out within an organisation, arising from structure, systems, people, products or processes. The Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Broadly, there are risk associated to manufacturing and trading operations:

A) Risks related to manufacturing operations:

1. Competition, imports, economic cycle and uncertainties in the domestic markets.
2. Shut down of furnace for repairs. Quality of the product depends on efficacy and condition of the furnace.
3. Leakage in the furnace, quality of the product in view of corrosive nature of glass.
4. High cost of inputs / packing materials, disruption of supply chain, e.g. raw material, unavailability of requisite manpower, etc.
5. Quality Issues.
6. Space constraints for smooth operations and warehousing.
7. Government policies with regard to taxation on imports and domestic production which affects demand and putting pressure on prices.
8. Change in Government policy with regard to pricing and/or supply of natural gas under administered price mechanism, which may lead to substantially higher cost for the use of alternate fuel.
9. Inadequate coverage of insurance policies in certain circumstances.

Measures for risk mitigation:

The Company shall take following steps to mitigate the aforesaid manufacturing operational risks:

1. Improving quality of its services and products.
2. Continuous investing in research and development and technology for improvements.
3. Introduction of new products and new categories.
4. Reducing dependence on import suppliers by domestic sourcing and in-house manufacturing.
5. Continuous endeavour to reduce raw materials/packing and other input costs by reducing single vendor approach and adopting auction based procurements.
6. Reduction in power and fuel costs by investing in solar projects for captive consumption.
7. Producing and supplying good quality products. Tightening selection criteria and parameters.
8. Hiring more space to cope up with issue of space constraint.
9. Having Marine insurance, Transit insurance, Fire insurance, Industrial All Risk insurance policies and maintain a Group Mediclaim Policy and Group Personnel Accident insurance

plan. Maintaining insurance coverage of the type and in the amounts which commensurate with business operations.

10. Strict adherence to the government policies with respect to the taxation of import or domestic production, price mechanism and consumption of fuel and gases.

B) Risks related to trading operations:

1. Depending on stockist, dealers and other channel partners and agents ("dealers") for the sale and distribution of our products.
2. Loss of our major dealers or a decrease in the volume of products may adversely affect our revenues and results of operations.
3. No assurance on continuation of current relationship with our dealers or expanding network.
4. Our dealers may fail to adhere to the plan and meet the targets and the standards we set for them in respect of sales and after-sales support, which in turn could adversely affect our business performance and also customers' perception of our brand and products.
5. Global political factors like change in governments resulting in application of stricter trade policies and degrading social conditions like spreading of COVID-19 all over the world are beyond our control.
6. Dependency on prevailing regulatory, economic, social, and political conditions in India. These factors influence the Indian economy, which, in turn, significantly affects the results of our operations. These factors are:
   - political instability, terrorism, or military conflict in India, or other countries globally;
   - occurrence of natural or man-made disasters;
   - any increase in Indian interest rates or inflation;
   - any exchange rate fluctuations;
   - any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing for our expansions;
   - instability in financial markets; and
   - other significant regulatory or economic developments in or affecting India.
7. Dependency on economic and market conditions in India and other jurisdictions. The Indian economy may be affected by global economic uncertainties and liquidity crises, domestic policy, the domestic political environment, volatility in interest rates, currency exchange rates, commodity prices, electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors.

Measures for risk mitigation:

The Company may take following steps to mitigate the aforesaid trading operational risks:

1. Retain our dealers by providing incentives and other offers to sell our products. Conducting regular meeting to understand the ground issues with various dealers.
2. Strategically sourcing products both from international and domestic markets. The Company has actively undertaken a diversification of suppliers' strategy and has been

able to increase its supply base quite substantially. This will protect the Company in the event of any problems with any single supplier.

3. Developing Ecommerce/direct online selling capabilities for reducing dependence on dealers and distributors
4. Expand the distribution network and exploring global market opportunities.
5. Increase the direct connect with customers by introducing brand loyalty and other engagement programs
6. Framing, following, updating and adhering Standard Operating Policies (SOPs) to meet the requirements regulatory, economic, social changes and emerging economic and market conditions.

II. FINANCIAL RISKS:

Financial risk is the possibility of losing money on an investment or business venture.

1) Claims from debtors due to quality and other issues in the past supplies, return of goods and consequent delays in recovery of dues.
2) High interest cost
3) Export obligation under EPCG scheme
4) Any change in Indian tax laws, including the upward revision to the currently applicable normal corporate tax rate of 30.00% along with applicable surcharge and cess, could affect our tax burden.
5) Any adverse order passed by the appellate authorities, tribunals or courts would have an impact on our profitability.
6) High financial risks in the form of credit risk, volatility in the equity market, change in interest rates, monetary policies framed by the Government and Reserve Bank of India.
7) Investments in real estate linked instruments, the performance of which depends upon proper identification of projects, its timely execution and real estate market at the time of completion of the project.
8) Investments in equity, debt and real estate markets are always subject to market fluctuation risks.

Measures for risk mitigation:

- With the all-round efforts to increase the turnover, profitability and resultant liquidity position of the Company, the Company may meet its financial obligations to bank in time;
- Accounts of sticky debtors to be reconciled and settled.
- Application to relevant authority to consider group exports as permitted in the policy.
- Investments to be are analysed and approved taking into account risk profile and the performance to be is reviewed at least once a month with the help of experts.
- Reducing the size of its investment portfolio and parking surplus funds primarily in safe, liquid assets.
- Insuring domestic and exports trade receivables to avoid credit risks from customers

- Avoid investments in equity, real estate and debt products with high duration.
- Exploring opportunities of cash and carry trades, participating in early discount payments, supply chain financing programs to avoid credit risks and better cash flow management. This will also ensure lower borrowing and reduced financing expenses.

III. SECTORAL RISKS

The Indian glass manufacturing industry is fragmented and typified by threat from substitutes. There is a lot of unhealthy competition from unorganized sector. We compete on the basis of a number of factors, including execution, depth of product and service offerings, innovation, reputation, price and convenience. Some of our competitors have greater financial and marketing resources, larger customer base, greater name recognition, more senior professionals to serve their clients' needs and more established relationships with clients than we have. These larger and better capitalized competitors may be better able to respond to changes in the industry we operate, in to compete for skilled professionals, to fund internal growth, to withstand adverse market conditions and to compete for market share generally. With low entry barriers, there could be an increase in the number of competing brands. Counter campaigning and aggressive pricing by competitors (including e-commerce players buying sales through heavy discounting) have the potential of creating a disruption. China could be a source of low cost products in addition to grey market imports. New brands are being launched online. With increased online penetration distributor relationships may no longer remain a critical success factor. New products may not find very favorable acceptance by consumer or may fail to achieve sales targets. Acquisitions entail deployment of capital and may increase the challenge of improving returns on investment, particularly in the short run. Integration of operations may take time thereby deferring benefits of synergies of unification. Unexpected changes in commodity prices resulting from global demand and supply fluctuations as well as variations in the value of the Indian Rupee versus foreign currencies could lead to an increased cost base with a consequent impact on margins. Counterfeits, pass-offs and lookalikes are a constant source of unfair competition for leadership brands. Our business, financial condition, cash flows, results of operations and prospects may be materially and adversely affected if we are not able to maintain our market position, sustain our growth, develop new products or target new markets.

Measures for risk mitigation:

The Company's brand "BOROSIL" enjoys a first mover advantage and significant brand equity. Marketing investments to further strengthen the brand may mitigate the impact of aggressive competition. The Company has listed its products on major e-tailer marketplaces and has launched its own e-commerce portal www.myborosil.com. The Company has a systematic insighting and new product development process that helps in increasing the chances of new product success. The Company contemplates acquisitions with a high strategic fit where it envisages a clear potential to derive synergistic benefits.

IV. SUSTAINABILITY RISKS:

ENVIRONMENT, SOCIAL AND GOVERNANCE RELATED RISKS AND THEIR MITIGATIONS:

Environmental, social and governance (ESG) are three central factors in measuring the sustainability and ethical impact of a company. ESG factors, though non-financial, have a material impact on the long-term risk and return of investments. Responsible investors evaluate companies using ESG criteria as a framework to screen investments or to assess risks in investment decision-making.

Environmental factors determine a company's stewardship of the environment and focus on waste and pollution, resource depletion, greenhouse gas emissions, deforestation, and climate change. Social factors look at how a company treats people and focuses on employee relations and diversity, working conditions, local communities, health and safety, and conflict. Governance factors take a look at corporate policies and how a company is governed. They focus on tax strategy, executive remuneration, donations and political lobbying, corruption and bribery, and board diversity and structure.

Environmental risks created by business activities have actual or potential negative impact on air, land, water, ecosystems, and human health. The Company shall take proper steps for managing resources and preventing pollution, reducing emissions and climate impact, and executing environmental reporting or disclosure.

Social risks refer to the impact that companies can have on society. The Company shall undertake social activities such as promoting health and safety, encouraging labour-management relations, protecting human rights and focusing on product integrity. Social positive outcomes include increasing productivity and morale, reducing turnover and absenteeism and improving brand loyalty.

Governance risks are well taken care of. The rapidly changing legislative framework in India requires a very stringent compliance by corporate entities to the provisions of the Companies Act, 2013, Secretarial Standards, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and various other regulations framed by SEBI on a regular basis, which provide stringent provisions including imposition of penalty and prosecution.

As such, compliance related risks have assumed high importance. In addition to these, there are several laws which govern the operation of any factory, and the Company is exposed to various compliances under the Factories Act, 1948, Pollution Law, etc. The Legal and Secretarial department shall review the legislative changes to ensure that the Company complies with the changing regulations as a constant monitoring process and in time. Timely publication of financial results, annual accounts, seeking various approvals from members etc. are also important aspects of Compliance Related risk.

Departmental Heads furnish compliance certificates regarding compliances of various Laws applicable to their departments, on quarterly basis, which are placed before the Board of Directors.

The Company's Code of business ethics is the key guideline for all employees. The Company is committed to high ethical standards and integrity in its businesses, preventing corruption and violations of the principles set forth in the code of business ethics of the Company. The Company's top management has zero tolerance for corruption and fraud.

V) INFORMATION AND CYBER SECURITY RISK AND ITS MITIGATION:

Information (Data) and Cyber security risk is the probability of exposure or loss resulting from a cyberattack or and data breach on the organization. Organizations are becoming more vulnerable to cyber threats due to the increasing reliance on computers, networks, programs, social media and data globally. Data breaches, a common cyberattack, have massive negative business impact and often arise from insufficiently protected data. The proliferation of technology enables more unauthorized access to the organization's information than ever before. Third-parties are increasing provided with information through the supply chain, customers, and other third and fourth-party providers. The risk is compounded by the fact that organization is increasingly storing large volumes of personally identifiable information on external cloud providers that need to be configured correctly in order to sufficiently protect data.
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The following as potential targets under cyber security risk:

- Customer data
- Employee data
- Intellectual property
- Third and fourth party vendors
- Product quality and safety
- Contract terms and pricing
- Strategic planning
- Financial data

Measures for risk mitigation:

The Company shall take the following steps to mitigate the aforesaid information and Cyber Security risks:

Cyber security risk management is generally set by the management in the planning processes. The concerned personnel are made responsible for establishing and maintaining the enterprise vision, strategy and program to ensure information assets and customer data is adequately protected. The following are the steps shall be taken in this behalf:

- Administering security procedures, training and testing
- Maintaining secure device configurations, up-to-date software, and vulnerability patches
- Deployment of intrusion detection systems and penetration testing
- Configuration of secure networks that can manage and protect business networks
- Deployment of data protection and loss prevention programs and monitoring
- Restriction of access to least required privilege
- Encryption of data where necessary
- Proper configuration of cloud services
- Implementation of vulnerability management with internal and third-party scans
- Recruitment and retention of cybersecurity professionals

VI) OTHER RISK (HAZARD RISKS):

1. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect our business, and may cause damage to our infrastructure and the loss of business continuity and business information.
2. Global or regional climate change or natural calamities in other countries where we may operate could affect the economies of those countries. There have been outbreaks of diseases in the past.
3. Any outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect our business.

Measures for risk mitigation:

The Company shall take various insurance policies to cover the risk associated with its business namely:

1) consequential loss policy covering loss of profits caused due to fire;
2) standard fire and special perils policy to cover the material damage for various goods (products) in which the company deals; and
3) marine all sales turnover (MAST) policy covering turnover anywhere in world / India and purchases/imports.
4) Undertaking various measures like distribution of masks, face shields, sanitisers, etc. in our factories and offices located all our India, to our employees.
5) Taking appropriate insurance policies to cover risk related to its assets – both immovable like Office premises, various residential premises owned by the Company as well as for various goods (products) in which the Company deals.
6) Framing and issuing detailed safety guidelines for its employees and workers.
7) Vehicle Insurance policies to cover the damages that may be caused to the vehicles owned by the company.

Measures for risk mitigation including systems and processes for internal control of identified risks:

The Company shall review the risk based control system and evolve a procedure for risk assessment and timely rectification which will help in minimisation of risk associated with any strategic, operational, financial and compliance risk across all the business operations. These control procedures and systems will ensure that the Board is periodically informed of the material risks faced by the Company and the steps taken by the Company to mitigate those risks.

Risk Management Committee of Board of Directors of the Company shall meet twice in a year to identity risk faced by each department and steps taken by each department to mitigate the same.

Business continuity plan:

A business continuity plan (BCP) is a document that outlines how a business will continue operating during an unplanned disruption in service. It's more comprehensive than a disaster recovery plan and contains contingencies for business processes, assets, human resources and business partners – every aspect of the business that might be affected.

Plans typically contain a checklist that includes supplies and equipment, data backups and backup site locations. Plans can also identify plan administrators and include contact information for emergency responders, key personnel and backup site providers. Plans may provide detailed strategies on how business operations can be maintained for both short-term and long-term outages.

A key component of a business continuity plan (BCP) is a disaster recovery plan that contains strategies for handling IT disruptions to networks, servers, personal computers and mobile devices. The plan should cover how to re-establish office productivity and enterprise software so that key business needs can be met. Manual workarounds should be outlined in the plan, so operations can continue until computer systems can be restored.

There are three primary aspects to a business continuity plan for key applications and processes:

High availability: Provide for the capability and processes so that a business has access to applications regardless of local failures. These failures might be in the business processes, in the physical facilities or in the IT hardware or software.

Continuous operations: Safeguard the ability to keep things running during a disruption, as well as during planned outages such as scheduled backups or planned maintenance.

Disaster recovery: Establish a way to recover a data centre at a different site if a disaster destroys the primary site or otherwise renders it inoperable.

Review and Amendment of this Policy

This policy will be reviewed atleast once in two years by the Board / Committee.

The Board of Directors, either on its own or as per the recommendations of Risk Management Committee, can amend this Policy, as and when it deems necessary.

Limitation and Amendment

In the event of any conflict between the Act or the SEBI Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.