

CREST SPECIALITY RESINS PRIVATE LIMITED
RISK MANAGEMENT POLICY
Amendment Approved by Board on 14th April, 2025





1. SCOPE:

Pursuant to Section 134(3) of the Companies Act, 2013, this Risk Management Policy ("Policy") establishes the ideology of Crest Speciality Resins Private Limited ("Company"), towards risk identification, analysis, and prioritization of risks. For mitigation and managing the risk at "Crest Speciality Resins Private Limited" (hereinafter referred to as the "Company"), the Company has formed the policy (the "Risk Management Policy") for the same.

2. OBJECTIVE:

The objective of this Policy is to manage the risks involved in all activities of the Company, to ensure sustainable business growth and to create and protect shareholders' value by minimizing threats or losses and maximizing opportunities.

The objectives of the Policy can be summarized as follows –

- To protect and enhance the corporate governance.
- To implement a process to identify potential / emerging risks;
- To manage risks with an institutionalized framework and consistently achieving desired outcomes;
- To implement special tools for risk management;
- To align and integrate views of risk across the Company.
- To develop and support people and the knowledge base of the organization

3. APPLICABILITY:

This Policy applies to all areas of the Company's operations.

4. DEFINITION:

"Company" means "Crest Speciality Resins Private Limited", a Company constituted under the provisions of Companies Act, 1956.

"Board", means the Board of Directors of the Company.

"Audit Committee or Committee" means Committee of the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013.

"Policy" means Risk Management Policy.

"Risk" A risk is an event which can prevent, hinder, or fail to further or otherwise obstruct the company in achieving its objectives.

"Risk Management" is the systematic process of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

5. CONSTITUENTS OF A SOUND RISK MANAGEMENT SYSTEM:

The risk management system in the Company should have the following key features:

- Active board of directors, committee and senior management oversight;
- Appropriate policies, procedures and limits;
- Comprehensive and timely identification, measurement, mitigation, controlling, monitoring and reporting of risks;
- Appropriate management information systems at the business level;
- Comprehensive internal controls in accordance with current regulations; and
- A risk culture and communication framework

6. RISK GOVERNANCE:

Effective risk management is dependent upon having an appropriate risk governance structure and well-defined roles and responsibilities. Risk governance signifies the way the business and affairs of the Company are directed and managed by its board of directors and executive management.

7. RISK FACTORS:

The objectives of the Company are subject to both internal and external risks that are associated with the business of the Company are listed below:-

Internal Risk Factors

- Compliance Risk;
- Human Resource Risk;
- Operational Risk;
- Hurdles in optimum use of resources;
- Environmental Management
- Project Execution;
- Quality Assurance;

External Risk Factors

- Technological Risk;
- Political Environment;
- Economic Environment and Market conditions;
- Foreign Exchange Risk;
- Inflation and Cost Structure;
- Competition Risk;
- Legal risk;



8. RISK MANAGEMENT PROCESS:

The risk management process contains the following key elements:

- I. Identification of risks:** Risk identification implies finding, recognizing and describing exposure to uncertainty in the market in which it operates, the legal, social, political and cultural environment in which it exists and the alignment with its strategic and operational objectives along with identification of its root cause.

On a bi-annual basis: Functional Heads shall identify, assess and monitor the risks pertaining to it in the following broad categories:

- Industry Risks
- Operational Risks
- Macroeconomic Risks affecting the Company.

- II. Risk Assessment:** Risk Assessment for the purpose of this Policy means the quantification of the impact of risks to determine their potential severity and the likelihood of occurrence of the risk to determine frequency. Based on this, risks shall be categorized into Low, Medium & High Risks.

For the risks identified, Functional Heads shall carry out the following Risk Assessment exercise on a bi-annual basis:

- a. Risks shall be assessed for
 - i) the Impact to ascertain potential severity and
 - ii) Likelihood of Occurrence and categorization into Low, Medium and High based on risk appetite.
- b. Mitigation Plan with timelines shall be prepared / updated for all risks. Mitigation plan may include any one of the following:
 - Accept Risk
 - Reduce Risk
 - Share/Transfer Risk
 - Avoid / Eliminate Risk

- III. Risk Monitoring:** Functional Heads shall be responsible for monitoring the mitigation plans as approved and submit the status of the mitigation plan on a half-yearly basis.

- IV. Creation / Updation of the Risk Register:** Risk Register shall be the key document used to communicate the current status of all known risks.

- V. Review and Reporting:**

A. Identified Risks:



- Functional Heads while reviewing the updated Risk Register shall identify the Key Risks (along with the mitigation plan) for the purpose of reporting on a half-yearly basis.
- Board shall review the Report.

B. Status of Implementation of Mitigation Plans:

- The status of implementation of the approved Mitigation plans shall be reviewed by the Functional Heads and reported to committee on a half-yearly basis.

VI. Re-visit Risk Categorization: Functional Heads shall re-visit the categorization of risks into Low, Medium and High risk annually or earlier if the need arises.

9. RISK MANAGEMENT ROLES AND RESPONSIBILITIES:

The risk management roles and responsibilities will be as follows:

Board	• Approve and review the risk policy. • Review risk reports • Give directions to Functional Heads.
Functional Head	• Identification of macroeconomic/ industry/project risks. • Carry out Risk Assessment of identified risks. • Monitor Mitigation Plans and report the status to the CRO/Board. • Review and update the risk registers.
Employees	• Compliance with the request from management in connection with Risk management policy. • Exercise reasonable care to prevent loss, to maximize opportunity

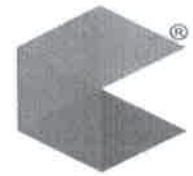
10. REVIEW OF THE POLICY:

This Policy shall be reviewed by the Board to ensure it meets the requirements of legislation and the needs of the organization and the Policy shall be posted on the website of the Company.

11. AMENDMENT:

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, the decision of the Board in this respect shall be final and binding, and any subsequent amendment/modification in the Act or any other laws/regulations in this regard shall automatically apply to this Policy.





CREST

Rating Parameters		Minor (i)	Moderate (ii)	Serious (iii)	Critical (iv)	Extreme (v)
Financial Risk	(Reduction in profitability or turnover)	Up to 20%	20% to 30%	30% to 40%	40% to 60%	more than 60%
	Failure to detect fraud	Rs. 0.1 crore	Rs. 0.1 to 0.25 crore	Rs. 0.25 to 0.50 Crore	Rs. 0.50 to 0.75 crore	More than 0.75 crore
Reputational Risk		Local media attention quickly remedied	Local reputation damage	Short-term negative media coverage	Regional level long term negative media coverage	National level long term negative media coverage
Regulatory risk	Statutory Fine / Liability	Up to Rs. 5 lakhs	Rs. 5 to 10 lakhs	Rs. 10 to 20 lakhs	Rs. 20 to 35 lakhs	More than 35 Lakhs
	Non-compliance impact	Not Reportable to Regulator	Minor legal liability exposure	Regulatory warning or Moderate legal liability exposure	Regulatory intervention or Serious legal liability exposure	Prosecution, Significant fine & Litigations
Investment Risk Negative Return on Investment		Up to Rs. 20 lakhs	Rs. 20 to 40 lakhs	Rs. 40 to 60 lakhs	Rs. 60 lakhs to 80 lakhs	More than 80 lakhs
Health and Safety		Minor injury/ environmental damage	Serious Injury / environmental damage	Multiple Injuries/ environmental damage	Single fatalities/ major environmental damage	Multiple fatalities/ major environmental damage
Safety Risk		No injuries to employees or Labour	No or minor injuries	Outdoor patient medical treatment	Significant injury or fatality of one person	Lost time injuries or fatalities to

PS



CREST

			to employees or Labour	required for employees or Labour		employees or Labour
--	--	--	---------------------------------	---	--	---------------------------

Following are the guiding factors that may be used to determine likelihood shall be as follows:

Rating Parameters	Rare (i)	Unlikely (ii)	Moderate (iii)	Likely (iv)	Almost Certain (v)
Occurrence and Probability	Event may occur only in exceptional circumstances (Probability is 0-10%) (beyond 36 months)	Event could occur in some time (Probability is 10-30%) (next 24-36 months)	Event could occur in some time (Probability is 30-50%) (next 18-24 months)	Event will probably occur in most circumstances (Probability is 50-80%) (next 12-18 months)	Event is expected to occur in most circumstances (Probability is 80-100%) (next 12 months)

RS