

**HINDUSTHAN NATIONAL GLASS & INDUSTRIES**  
**LIMITED**

**(RISK MANAGEMENT POLICY)**

**(Adopted by the Board of Director on 12.11.2020)**  
**(Applicable w.e.f 12.11.2020)**

# **Risk Management Policy**

## **1. INTRODUCTION**

**Hindusthan National Glass & Industries Limited** (the Company) is engaged in the manufacture and marketing of glass containers. The business activities of the Company carry various internal and external risks.

**‘Risk’** may be defined as events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization’s business objectives. The exposure to the consequences of uncertainty constitutes a risk. It is measured in terms of consequences and likelihood. It can be internal and external and are inherent in all administrative and business activities. Every member of any organisation continuously manages various types of risks.

**Risk management** is a holistic, integrated, structured and disciplined approach to managing risks with the objective of maximizing shareholder’s value. It aligns strategy, processes, people & culture, technology and governance with the purpose of evaluating and managing the uncertainties faced by the organization while creating value.

Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realised.

In today’s challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks are Regulations, competition, Business risk, Technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

## **2. TITLE**

This Policy shall be called “Risk Management Policy”.

## **3. LEGAL FRAMEWORK**

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The Companies Act, 2013 and the Regulation 17 (9) read with regulation 21 of the SEBI (Listing Obligation Disclosure Requirements) Regulation, 2015 have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board’s Report should contain 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.

Further, the provisions of Section 177(4) (vii) of the Companies Act, 2013 require that every

Audit Committee shall act in accordance with the terms of reference specified in writing by the Board, which shall *inter alia* include evaluation of risk management systems. However, since our Company is not among top 500 listed Companies based on market capitalization as on 31.03.2020, formation of Risk Management Committee is not applicable to us. In line with above, it is therefore, required for the Company to frame and adopt a **“Risk Management Policy”** (this Policy) in accordance with Section 134(3)(n), 177 (4)(vii) and other applicable provisions of the Companies Act,2013, read with regulation 17(9), 21 and other applicable regulations of the SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015.

#### **4. PURPOSE AND SCOPE OF THE POLICY**

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

##### **The specific objectives of this Policy are:**

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

#### **5. APPLICABILITY**

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

## 6. **KEY DEFINITIONS**

### ➤ **Risk Assessment –**

Risk assessment is the process of risk prioritization or profiling. Likelihood and Impact of risk events have been assessed for the purpose of analyzing the criticality. The potential Impact may include:

- Financial loss;
- Non-compliance to regulations and applicable laws leading to imprisonment, fines, penalties etc.
- Health, Safety and Environment related incidences;
- Business interruptions / closure;
- Loss of values, ethics and reputation.

Risk may be evaluated based on whether they are internal and external, controllable and non-controllable, inherent and residual.

### ➤ **Risk Management –**

The systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

### ➤ **Risk Management Process -**

The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

## 7. **RISK FACTORS**

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

### ➤ **External Risk Factors**

- Economic Environment and Market conditions
- Political Environment
- Competition
- Revenue Concentration and liquidity aspects
- Inflation and Cost structure
- Technology Obsolescence
- Legal
- Fluctuations in Foreign Exchange

### ➤ **Internal Risk Factors**

- Project Execution
- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources
- Quality Assurance
- Environmental Management
- Human Resource Management
- Culture and values

## **8. RESPONSIBILITY FOR RISK MANAGEMENT**

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Roles and responsibilities for each member within the Risk Management Organisation Structure shall be as below:-

### ➤ **Role of Board of Directors.**

- I. Approve and review the Risk Management Policy;
- II. Oversee the development and implementation of risk management framework and maintain an adequate monitoring and reporting mechanism.

### ➤ **Role of Audit Committee.**

- I. Review adequacy and effectiveness of business risk management;
- II. Review and approve (internal and external) audit plans;
- III. Monitor business risk reporting;
- IV. Evaluate internal financial controls systems.

### ➤ **Role of Functional Head**

- I. Identification of macro-economic/ industry/project risks;
- II. Carry out Risk Assessment of identified risks;
- III. Ensure that Risk management policy as laid down hereunder is implemented in spirit at their respective location

## **9. RESPONSIBLE OFFICERS, FUNCTIONAL HEAD AND UNIT HEAD**

Shri Sanjay Somany, Chairman & Managing Director;

Shri Mukul Somany, Vice Chairman & Managing Director;

### **All Functional Head**

<b>Name</b>	<b>Designation</b>	<b>Department</b>
Bimal Kumar Garodia	President and CFO	Finance
Somnath Sengupta	Senior Vice President	Management Audit
Ajay Kumar Rai	Senior Vice President	SMC
Vinay Saran	President	Marketing
Alok Taparia	Vice President	Finance
Manoj Bhaskaran	Assistant Vice President	HR
Uday Kant Tripathi	Assistant Vice President	Purchase
Lalit Lohia	Company Secretary	Secretarial

**All Unit Head**

<b>Name of Unit</b>	<b>Name of the Employee</b>	<b>Designation</b>
Bahadurgarh	Pawan Bhardwaj	Senior Vice President
Rishra	Samaresh Chakrabarti	Vice President
Rishikesh	Vivek Talwar	Assistant Vice President
Naidupeta	Ramchandra Parasram Une	Vice President
Puducherry	Kingshuk Dasgupta	Assistant Vice President
Neemrana	Anil Kumar	Manager
Nasik	Ajoy Kumar Chakravarti	Senior Vice President

**10. COMPLIANCE AND CONTROL**

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

**11. REVIEW**

The Board of Directors of the Company can review this Policy at any time.