



**TRANSCHEM
LIMITED**

TRANSCHEM LIMITED

RISK MANAGEMENT POLICY

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Regd. Office : 304, Ganatra Estate, Pokhran Road No. 1, Khopat, Thane (W) 400 601.

Tel.: 022-2547 7077 Telefax : 022-2547 8601 E-mail : secretary@transchem.net Website : www.transchem.net



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RISK MANAGEMENT POLICY

1. INTRODUCTION:

The Board of Directors (“**Board**”) of Transchem Limited (“**Company**” or “**Transchem**” or “**TL**”), has adopted the policy on risk management which encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to the business. Risk Management Policy of the Company seeks to minimize unfavorable impact on the business objectives and develop stakeholder value. Further, the risk management practices seek to sustain and enhance long-term competitive advantage for the Company.

This Policy has been framed in compliance with the Companies Act, 2013 (“**the Act**”).

2. PURPOSE AND SCOPE:

Objective of Risk Management Policy (“**the Policy**”) is to proactively identify potential risks/events before they occur so that risk management activities are planned and invoked as needed to manage adverse impacts on achievement objectives and 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.

The specific objectives of the Risk Management 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.

3. PRINCIPLES:

At TL, a principal risk is defined as the chance of something happening, measured in terms of probability and impact, that may adversely affect the achievement of TL's strategic or major business objectives.

Risk management is a structured and disciplined approach to assessing and managing the uncertainties that TL faces as it creates value and preserves value.

TL believes risk taking is a necessary and accepted part of our business. Effectively managing risk is a competitive necessity and an integral part of creating shareholders value through good business practices designed to ensure that TL achieves its strategic, business and governance objectives, and protects its corporate reputation, values and integrity. In the



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context of realizing strategic objectives, some amount of failure is an accepted outcome of risk taking as long as risks have been properly assessed and managed.

TL acknowledges that all activity has an element of risk and that not all risks can or should be transferred. TL is committed to reviewing and managing risks at all levels in the organization.

4. EXPECTATIONS:

TL's overall risk appetite and risk tolerance will be determined by the Board of Directors in conjunction with Management of the Company.

Risks will be evaluated, managed and documented consistent with this Risk Management Policy. The risk will be assigned a probability of occurrence, with a resulting risk level ranging from low to extreme.

The review of risks shall include the following but not limited to:

- Strategic Risks
- Financial Risks
- Compliance Risks
- Sectoral Risks
- Information technology Risks including Cyber Security Risks
- Operational Risks
- Business Continuity Plans

Risks identified as extreme, high, or medium will require implementation of a risk transfer, reduction, elimination, or exploitation strategy to reduce the residual risk level to as low as reasonably practicable. Risks identified as extreme or high with an impact above a specified threshold will be reported to the Board of Directors and Audit Committee.

5. RISK MANAGEMENT - ROLE AND RESPONSIBILITIES:

The Board is collectively responsible for developing the TL's risk management principles and risk management expectations as well as defining the TL's risk appetite and tolerances

The Board of Directors is responsible for:

- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;
- The Board shall define the roles and responsibilities and may delegate monitoring and reviewing of the risk management plan and such other functions as it may deem fit;
- The Board 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

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management are robust and defensible;

- The Board may convene any board meeting that is deemed necessary to ensure risk is adequately managed and resolved where possible.
- The Board shall make the disclosure of the 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 in Boards' report pursuant to Section 134(3)(n) of the Companies Act, 2013.
- The Board may establish the Risk management committee to address specific risk areas.

6. REVIEW:

Head of Departments/ senior executives 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 the Audit Committee.

This Policy shall be reviewed periodically so that management controls the risk through a properly defined network.

7. AMENDMENTS:

- a) This Policy is framed based on the provisions of the Applicable Laws.
- b) In case of any subsequent changes in the provisions of the Applicable Laws which makes any of the provisions in the Policy inconsistent with such provision of the Applicable Laws, then such provisions of the Applicable Laws would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with Applicable Laws.
