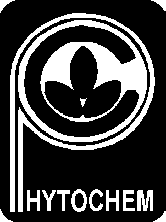


***Risk Management Policy***

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***Phyto Chem (India) Limited***

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***Phyto Chem (India) Limited***

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***Risk Management Policy***

1. ***Introduction:***

The Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. It periodically assesses risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans.

The Company, through its risk management process, strives to contain impact and likelihood of the risks within the risk appetite as agreed from time to time with the Board of Directors.

1. ***Scope:***

This policy applies to all team members, whether full time, part time or casual at any level of seniority within the business. The policy also applies to contractors and consultants working on behalf of the Company.

The Company’s Risk Management Policy has been developed to include the following key categories:

* **Strategic and commercial:** The Company manages strategic risk in the pursuit of profitable growth in both mature and emerging markets. Given the volatile markets and economic climate in which it operates, the adaptability of its people and its infrastructure are key to manage its risks.
* **Safety and operations:** The Company is committed to conduct all its activities in such a manner so as to avoid harm to employees and the community. It strives to deliver safe and reliable operations.
* **Compliance and control:** The Company is committed to comply with laws and regulations. The Company also believes that accurate and reliable information provides a competitive advantage and is key to effective management of its business. It therefore accepts minimal risk in relation to reporting risks.
* **Financial:** The Company manages financial risk to maintain a prudent financing strategy and therefore taking controlled risks in this area.

1. ***Risk Factors :***

Your Company emphasizes on those risks that threaten the achievement of its business objectives over the short to medium term. An overview of these risks is provided hereafter, including the actions taken to mitigate these risks and any related opportunities:

* **Prices and Markets: Heavy competition from the big manufactures / MNCs poses continuous problem and effects the small Companies to cut-down their prices in the Market**
* **Industry: The nature of the business is agri-related, monsoon conditions play vital role.**
* **Competitive forces:** The Company operates in Pestcides industry market and it is important for the Company to manage its costs, to ensure it has an edge in pricing over its competitors. The increase in the raw material cost along with other operating expenses blended with the stagnation of selling price of the end products will shrink the profit margin. The increase in competition at both National and International level may result in lower profitability and reduction in selling price

**Mitigation:** As a risk-mitigating strategy, the Company continues to diversify its product portfolio and also investing in projects to strengthen cost competitiveness.

* **Regulatory compliance risks:** The evolution of the regulatory environment has resulted into increased regulatory scrutiny that has raised the minimum standards to be maintained by the Company. This signifies the alignment of corporate performance objectives, while ensuring compliance with regulatory requirements.

**Mitigation:** The Company recognizes that regulatory requirements can at times be challenging, and therefore will:

* Strive to understand the changing regulatory standards, so as to strengthen its decision making processes and integrate these in the business strategy of each of the industries in which it operates
* Drive business performance through the convergence of risk, compliance processes and controls mechanisms to ensure continued operational efficiency and effectiveness.

1. ***Risk Management Practices:***

The Key Risk Management Practices include those relating to identifying key risks to our business objectives, impact assessment, risk analysis, risk evaluation, risk reporting and disclosure, risk mitigation and monitoring and integration with strategy and business planning. The risk management process seeks to avoid incidents and maximize business outcomes by allowing management to:

* Understand the risk environment, and assess the specific risks and potential exposure for the Company.
* Manage the identified risks in appropriate ways.
* Monitor and seek assurance of the effectiveness of the management of these risks and intervene for improvement wherever necessary.
* Report up the management chain to the board on a periodic basis about how risks are being managed, monitored, and assured and the improvements that are being made.

1. ***Policy Review:***

The Board is responsible for reviewing and approving the Risk Management Policy at least annually to ensure their effectiveness and continued application and relevance to the Company’s business.