IGPL

Risk Management Policy

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Introduction

Securities and Exchange Board of India vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 effective 5th May, 2021 has made the Regulation 21 applicable to the top 1000 listed companies. Section 134(3)(n) of the Companies Act, 2013 provides for the development and implementation of the risk management policy.

The Board of Directors constituted a Risk Management Committee at their meeting held on 6th August, 2021 and it hereby defines the role and responsibility of the Risk Management Committee and frames the 'Risk Management Policy' in accordance with the framework as specified in Part D of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Objective

The objective of this Policy is to identify the risks involved in the business of the Company and define the measures to mitigate those risks. The Policy is framed to provide that all decisions related to the business of the Company are taken after evaluating all risks. The Policy aims to provide a guidance for the assessment of risk and to spell out the effective measures to mitigate the risk which will be the core responsibilities of the functional head within the Company.

Risk Management approach

IGPL is committed to having in place the best practice Risk Management (RM) framework, consisting of risk identification, risk evaluation, and risk mitigation for its manufacturing and allied activities at the works and the corporate office. The potential risks may include loss of income, reduction in profit, financial loss, interruptions or disruptions in the plants leading to loss of production, damage to the property, injury or loss of life, closure of the plants ordered by the authorities; liabilities arising out of the orders of the govt, courts, or NGT, frauds and effect on the reputation of the Company.

The Company recognizes that it carries out its business under potential external as well as internal risks.

Risk perception

The risks identified by the Company could be classified into two parts viz. External Risk and Internal Risk.

The external risk perception could broadly be outlined as product obsolescence, global stability, crude oil and gas prices, availability, sourcing and prices of the raw materials, foreign exchange rate variations, political environment, inflation, Govt policies, competitive environment (global as well as domestic), demand and prices for the products, unfair practices adopted by the competitors, environmental issues and climate change, major accidents in the neighbourhood; road accidents; sabotage; natural disasters; pandemics; etc. Timely responding to the external risks by intelligence, planning, and preparedness will be the key to mitigating the risks and remaining ahead of the competitors. The detailed risk identification, potential causes, and evaluation of the corresponding risks and specific risk mitigation measures for each of these external risks shall be worked out and presented in a separate document called RM Manual, reviewed, and monitored.

The internal risk perception could broadly be summed up as financial, liquidity, and credit risks; availability, sourcing and pricing of the raw materials; availability and competence of the manpower; fire, explosion or other accidents; breakdown, failure, or damage of equipment or instrumentation leading to loss of production or environmental risks; human failure to take corrective action or delayed action; non-compliance or delayed compliance to the applicable regulations; cyber risk; sabotage; etc. The detailed risk identification, potential causes, and evaluation of the corresponding risks and specific risk mitigation measures for each of these internal risks shall be worked out and presented in a separate document (RM Manual), reviewed, and monitored.

It is also realized that the internal risks could arise due to inadequate policies, procedures, or monitoring; failure of internal controls; lapses in the implementation of the SOPs; frauds, etc. To address these, suitable policies are framed and reviewed periodically by different committees of the Board and the Board. For example, the AC monitors the risks brought out by the Internal Auditors in the quarterly meetings. The RMC will coordinate with other committees of the Board for risk-related aspects.

Implementation

For operationalizing the RM in the Company, Shri Sagar Jadhav, Executive Director is designated as Chief Risk Officer (CRO) and he will be assisted by a team consisting of the functional/departmental heads in the Company. Each functional head will be responsible to identify and evaluate the risk potential arising due to different causes leading to risk for the department and in turn to the Co. and come out with risk mitigation measures in the hierarchy mentioned above. For the risk-related aspects, the functional heads will report to the CRO. The CRO will coordinate with the functional heads and integrate the risks and prioritize the same at the Company level. The CRO will have at least one meeting every six months with the team to monitor risk, address resource requirements, review the procedures and systems, and incorporate continual improvements. CRO will report to the RMC on the outcome of these meetings and assist the RMC in discharging its role specified by SEBI.

Review

The RM policy shall be reviewed by the Risk Management Committee (RMC) every year and continuous improvements shall be made in the framework for policy and procedures for risk identification and risk evaluation aiming at risk mitigation following the hierarchy of risk prevention, risk reduction, risk containment, and risk cover.

Communication

The RM policy will be communicated to all the departmental heads of the Company. The RM framework will be used for decision-making at different levels across the Company.

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Adopted by the Risk Management Committee at their meeting held on 30th December, 2021 and subsequently modified on 6th August, 2024