

RISK MANAGEMENT POLICY

LEGAL REQUIREMENTS:

THE Company's business is exposed to various risks, arising out of internal and external factors. This document lays down the Risk Management Policy of the company, which identifies and evaluates various risks and mitigating efforts to resolve such risks. This Policy is in compliance with Clause 49 of the Listing Agreement, which requires the company to lay down procedure for risk assessment and risk minimization.

The Board of Directors, Senior Management and the Audit committee of the company should periodically review the policy and monitor its implementation to ensure risk minimization and smooth running of the business. This policy will cover all the areas of operations of the Company.

FRAMEWORK :

Risk Management is considered a vital and important function of the Corporate Governance practices. At UPL, Senior Executives of the Company, COO, CFO, Executive director and Global CEO are responsible for risk management. Risk Management policy is formulated to ensure robust internal controls, and enable the Company to proactively respond to any changes in the business environment so as to achieve a high degree of business performance, limit any negative impact on its working and capitalize on any business opportunities.

OBJECTIVES OF THE POLICY :

The main objective of the policy is to ensure sustainable business growth with stability, plan and meet strategic objectives, improve the business processes and evaluate, tackle and resolve various risks associated with the business management of the Company. In order to achieve this key objective, the policy establishes a structural and disciplined approach to risk management, which helps in arriving at correct solutions for various risk related issues.

The specific objectives of the Risk Management Policy are as under:

1. To identify and assess various business risks arising out of internal and external factors that affect the business of the Company.
2. To work out methodology for managing and mitigating the risks.
3. To establish a framework for company's risk management process and implement the same.
4. To follow best industry practices to ensure total compliance of all the regulatory matters.
5. To take adequate steps for smooth running of business, arrange for cover against currency fluctuation for imports and exports and assure sustainable and profitable growth for the Company.

BOARD REPORT:

The report of Board of Directors will include details about the development and implementation of Risk Management Policy and this will cover identification of various risks, arising out of internal and external elements, as faced by the Company and the mitigating efforts for tackling the same.

KEY BUSINESS RISKS :

The broad categories of the risks identified are as under :

Industry: Risks relating to inherent characteristics of the industry such as indifferent weather, leading to demand fluctuation and industry downturn.

Competition: risks arising out of competitive forces in the market, that can affect profitability.

Inputs: Risks arising out of non-availability of some key inputs and raw materials, which will affect productions plans.

Geography: Risks relating to excessive dependence on one or two geographies, which can impact revenues in case of localized downturn.

R & D: Risks relating to the immunity developed against company's products by insects/pests and innovative products are not introduced to counter such immunity.

Receivables: Risks relating to high receivables at certain times of seasons, impacting the working capital negatively.

Regulations: Risks relating to inadequate compliance to regulations worldwide and non-compliance arising out of failure to address changes in government policies from time to time, resulting in cancellation of registration of some products.

Foreign Currency Exchange: Risks relating to fluctuations in the foreign currency, that can severely hamper the profits of the Company.

IMPLEMENTATION OF THE SCHEME:

The Board and the senior executives of the Company will oversee the implementation of the policy. On quarterly basis, the Board will be updated on key risks faced by the Company and the mitigating actions taken to resolve them. The functional managers at all locations will be responsible for identifying and assessing the risks within their areas of responsibilities and actions agreed beforehand to resolve such risks. They will report for any new risk or changes in the existing risk.

REVIEW :

The policy shall be reviewed from time to time to ensure that it complies fully within the legislation.

