

Risk Management

Significant risks that have an impact on Company's profitability are currency exchange rate fluctuations, plant damage and external risk such as lowering of PVC-VCM delta.

Exchange Risk Management

- Careful consideration will be given to determine foreign currency exposure of the company on account of Trade debts in Foreign currency, import parity pricing and Foreign currency loans. the exposure will be analyzed in terms of Cash Flows susceptible to currency fluctuation.
- After determining exposure, reasonable idea should be formed about the direction of the market. The Company will focus on forecasts of six months, as forecasts of periods beyond can be unreliable. Based on forecasts, the company will set a Benchmark for its Exposure Management practices i.e. maximum limit of exposure will be determined.
- Hedging strategies will be designed to meet the Exposure limits or Benchmark. The Company will use all hedging techniques available to it, as per need and requirement.
- Exposure reports will be prepared to closely monitor the exposure and market situations

Responsibility: The responsibility of Exchange Risk Management lies with Finance function.

Property Damage

It is the policy of the company to maintain in full force and effect fire, casualty and liability insurance policies and other insurance policies of the types and for amounts, with reputed insurance companies. The coverage will include, but not limited to, insurance covering real and personal property owned or leased by the company against theft, damage, destruction, acts of vandalism and all other risks customarily insured against.

Responsibility: Entire staff is responsible for ensuring adherence to Plant Property risk management.

Other external factors

Business is also susceptible to external factors like PVC-VCM delta and absolute PVC Price. Although these are uncontrollable factors, it is important to identify long term trends in PVC-VCM delta. Moreover, it will remain the policy of the company to enter into medium to long term VCM supply contract to ensure uninterrupted VCM supply.