

INDIA GLYCOLS LIMITED

STATUS OF RISK MANAGEMENT

Risk Identified	Particulars of Risk Identified	Action taken
<p>Risk against fire, flood and accidents including accident due to human failure.</p>	<p>Risk against fire, flood and accidents at manufacturing plant</p> <p>There is risk of loss of profit due to interruption on account of any of these causes</p> <p>Risk of accident due to human failure</p> <p>Risk of health related problems and personal accident of the workforce</p>	<p>Company has taken Comprehensive All Risk Insurance Policy, which covers company's assets against all risks. The policy also covers repair/replacement in case of any major breakdown.</p> <p>The policy also covers loss of profit due to interruption on account of any of these causes.</p> <p>Accidents due to human failure are being tackled through the continuous training to our technical and other staff and through regular monitoring and supervision.</p> <p>As a preventive measure, company has installed elaborate fire hydrant system to take care of any possible fire accident. Company also has its own fire tender located at Kashipur factory site. Company has also created teams of employees to co-ordinate fire fighting activities who have been duly trained for the purpose. Periodic drills are carried out to see that all systems functions adequately. Company also carries out periodical special audits to review the adequacy of fire protection measures to avoid any such accidents. As a result of these preventive measures company has never had any serious fire accident.</p> <p>All the employees of the Company are insured under group mediclaim and accidental insurance policy, which provides health related security to the employees and their dependent family members.</p>
<p>Availability of raw material at competitive prices</p>	<p>Company manufactures various products using molasses as basic raw material. Molasses is the waste product of sugar mills. Sugar cane production is dependent on adequacy of rains. Thus availability of feed stock is affected by climatic conditions.</p>	<p>To protect against risk of availability of the raw material, company has created large storage for the feed stock so that adequate quantities can be procured during the season and also the inventories can be built up during the period of good monsoon.</p> <p>Company has also set up additional distillery at Gorakhpur in Eastern U.P. so that company can procure molasses available in that area to improve availability of feed stock by expanding its procurement over larger area.</p> <p>The Company has also set up a RAB Unit at Kashipur to supplement the feedstock</p>

	<p>Risk related to availability of sugarcane for crushing unit at Kashipur.</p>	<p>requirement of the Company and thereby reducing the dependence on availability of raw material from external sources.</p> <p>The Company has launched various incentives plans for the cane growers and for development of cane growing area, result of which has been shown as upward growth of cane growing areas in Uttarakhand (as per Government statistics).</p>
<p>Competition Risk and fluctuation in market price of finished product.</p>	<p>There is a cut throat competition among the manufacturers of MEG worldwide. Various new manufacturing plants of MEG are coming up in various parts of the world, which would increase the supply of MEG in the market and would have adverse impact on the pricing.</p> <p>The Government of India has also reduced the import duty on MEG, which has adversely affected the domestic prices in India.</p> <p>Over dependence on MEG may adversely affect the business prospects and profitability. There is limited accessibility to the large customer base.</p>	<p>To meet competition in MEG, company follows an aggressive pricing policy and follows practice of giving special discounts to customers who purchases large volumes and have long term contracts. This is to reward customers who procure their requirements from the company consistently over long term.</p> <p>The Company has also expanded its capacity of MEG to compete in the volume trading and minimizing the marginal cost on production, resulting in higher profits.</p> <p>Company has broadened its product and customer base by diversifying into Ethylene Oxide based derivatives product. Company has also set up its own R&D and Application Development Centre where products to provide economic and cost effective solutions are developed to meet specific requirement of the customers and these products are provided to them at competitive prices.</p> <p>The company has also diversified into other areas of business like potable alcohol, Nutra-ceutical Harbal Extraction, Industrial Gases and Natural Gum to minimise risk from single business.</p>
<p>Environment Risk</p>	<p>Being a chemical manufacturing company and having distilleries, the Company is prone to environment hazard risk.</p>	<p>Company operations are governed by very strict effluent disposal requirement. Company has taken adequate steps to meet the statutory requirements and it is constantly improving upon the same. Company has installed effluent treatment systems whereby effluent is converted into fuel and is used in substitution of coal thus while meeting the environment requirements company also achieves saving in cost.</p>
<p>Foreign currency fluctuations.</p>	<p>In the normal course of business operations company is having various foreign currency transactions for - import of capital goods and raw materials</p>	<p>Most of foreign currency transactions are in US Dollars and inward and outward flows serve to counter-balance the impact of fluctuations. To further protect the company from the risk, with advise from various currency experts from Banks, preventive actions are taken to hedge</p>

	<ul style="list-style-type: none"> - export of finished products - repayment of foreign currency loans and interest thereon. <p>All above transactions are exposed to the risk of exchange rate fluctuations. In addition the payment of interest on term loans is also exposed to fluctuations in interest rate due to change in LIBOR.</p>	the foreign currency loan transactions which are of long term nature.
Default/late in Payment realisation	In the normal course of business, it is normal practice that there is default in payment realization or realization is late.	The Company has regular monitoring and reporting of default in payment realization and/or late realization. Proper followup in the matter is ensured by the respective departments. In case of long over dues, legal notices are being served through legal department of the Company and through legal counsel as the case may be. In case of default of payment realization, if not realized even after legal notices, legal cases against the defaulters are being initiated.
Compliance of various statutory and legal requirements	The Company is subject to compliance of various statutory and legal requirements under different laws in force.	<p>The Company adheres to the statutory requirements and regularly reviews the compliance to overcome such risk. The Company has also appointed Internal Auditors for their continuous review of the compliance and advice on better compliance reporting.</p> <p>The Company also places periodic compliance report on Corporate Governance before the Board of Directors as required by the SEBI and Department of Company Affairs.</p>