

RISK MANAGEMENT POLICY

The Company is authorized to undertake with Bank of the Company or any other Bankers, the Derivative/Treasury Transactions as permitted by the Reserve Bank of India, within the framework of the Risk Management Policy of the Company with a view to transform the underlying risk exposure or to hedge the risk pertaining to the loans/facilities obtained from various banks or Exports or Imports carried out/to be carried out or any other forex/rupee exposures in connection with the business of the Company.

The company is exposed to the following market risks that are inherent in the business:

- Foreign Exchange risk
- Interest Rate Risk

To manage these risks, the Board has approved policy framework for derivatives, consistent with its general corporate responsibility for corporate governance. The management of derivatives activity would be further integrated into the Company's overall risks management system.

The Company has laid down clear guidelines for conducting the treasury/derivative transactions and institutionalized the arrangements for a periodical review of operations and annual audit of transactions to verify compliance with the regulations.

The Company puts in place Risk Management Policy as per guidelines of Reserve Bank of India, duly approved by the Board, which contains inter alia, the following:

- Guidelines on risk identification, measurement and control;
- Guidelines and procedures to be followed with respect to revaluation and monitoring of positions;
- Names and designation of officials authorized to undertake transactions and limits assigned to them;
- A requirement that the assignment of limits to an official would be specific and in case the limits assigned are not quantified, then the banks should offer derivative products to that client only after getting appropriate documents certifying assignment of specific limits;
- Accounting policy and disclosure norms to be followed in respect of derivative transactions;
- A requirement to disclose the MTM valuations appropriately;
- A requirement to ensure separation of duties between front, middle and back office;
- Mechanism regarding reporting of data to the Board including financial position of transactions, etc.
- All such products are fair valued on each reporting date;



Tandhan Polyplast Limited

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j) The Company is following up the Accounting Standards notified under section 129 of the Companies Act, 2013 and other applicable guidelines of the Institute of Chartered Accountants of India for such products/ contains as also the principle of prudence which requires recognition of expected losses and non- recognition of unrealized gains;

k) Disclosures are/shall made in the financial statements as prescribed as per guidelines of Institute of Chartered Accountants of India;

l) A requirement to have a specific clause in the policy that allows using the type/s of cost reduction structures.

The rationale for hedging risk in case of the company is to reduce potential costs of financial distress by making the Company less vulnerable to adverse market movements in exchange rate etc. and also create a stable planning environment to avoid huge fluctuations on the Financials of the Company due to market movements.

Objectives of the policy

- Manage the Company's debt and related interest rate risks;
- Overall interest cost of the Company;
- Management of Foreign Currency Positions, Derivate Transactions and related risks;
- To evaluate and measure these risks and their sensitivity to operations;
- Establish processes for monitoring and control of the risks as per policy;
- Effective MIS and regular reporting of positions and risks to the Risk Management Committee;
- To allow using the type/s of cost reduction structure such as seagull/Range forward etc.

The policy also specifies the authority and responsibility structure, products that can be used, and reporting requirements for this purpose. The Board of Directors of the Company or persons duly authorized by the Board of Directors in this regard can only approve any change in this policy.

Formation of the Risks Management Committee

The Risks Management Committee for the Capital Markets/Derivatives Transaction has been formed and passed through a resolution passed in the Board meeting held on 18th March, 2024.

the Risk Management Committee shall consist of the following Board members: -

| Sr. No. | Name | Designation | Limit |
|---------|--------------|---------------------|-------|
| 1 | Ankit Jalan | MANAGING DIRECTOR | 5 cr |
| 2 | Prachi Jalan | WHOLE TIME DIRECTOR | 5 cr |

Below is the framework and guidelines for managing the risks faced by the company: -

Role and Responsibilities of Risk Management Committee:

- To enter into forwards, options, swaps and other permissible derivative contracts and analyze the risk involved such contracts in the best interest of the Company;
- To comply with Reserve Bank of India regulations as amended from time to time and any other rules and regulations with respect to Derivative dealings and other Financial Transactions;



- Authority to unwind the deals entered at any point of time in the best interest of the Company;
- To enter and cancel the Forward Contracts for the Company's Foreign Currency Imports/Exports;
- Hedging of future receivables/payables;
- Hedging of ECB;
- Evaluate and seek approval for new products and activities.

Functions of Risk Management Committee:

- Approve structures, analyse risks and benefits, seeks independent opinion with regards to structure or views;
- Evaluate valuation of the existing derivative structure/s along with the deemed valuation of the underlying liability against which derivative was used to hedge;
- Simulate worse case scenarios on all transactions prior and post dealings;

In case of unwind or pre-terminations, adequate independent opinion to be sought at regards to levels and the committee be informed with rationale/analysis;

- Review periodic reports and vies on future performance of derivative transactions and report to the Risk Management Committee on monthly basis;
- Track regulatory changes and requirement and guide the decision making for policy changes;
- Ensure all documentation and supporting data is in order;

Risk Management and Approved Products

The company is authorized to enter into the following types of transactions (hereinafter referred as “Permitted Derivative Transactions”) with its bankers, in accordance with their guidelines in the matter:

- I. Spot and forward foreign exchange transactions:
- II. Options, including both purchase and sale of options by the company, and including structured transactions involving combination of two or more options, the permitted structures to be entered into are plain vanilla call or put options, range forward, Ratio Range forward, seagull, Call spreads, put spreads, interest Rate Cap, Floor or collar.
- III. Swaps: The permitted structures to be entered into are (both Foreign Currency-INR hedging swaps and both Foreign Currency transformation swaps) Currency & interest rate swaps, principal only swaps, coupon only swaps, interest rate swaps, Forwarding rate agreements, overnight index swaps.

The company will hedge its long term and short-term liabilities (bonds, bank term loan, ECB, buyers' credit etc.) within permitted regulatory frameworks. It will also enter into cost reduction structures for balance sheet liability management and manage the interest cost within reasonable levels. Also, the company will hedge its foreign currency transactions either through forward contracts, options, derivatives, swaps etc.

Depending on the market conditions, the risk management committee will decide on the instruments (products) for hedging their interest rate / Forex exposures to the fullest or partial extent for any amount as deemed suitable.



For the Foreign Exchange Risk Management, the company may undertake currency transactions forwards, options, derivatives, swaps etc. as opportunities or to hedge known future obligations to minimized cost, maximum revenue and stabilize margins over time. Also the company may use time between recognition of exposure and the time when the foreign currency will be actually needed to achieve the most efficient price for the currency. For the same, the currency levels should be regularly monitored with adequate levels and trigger points established at least the budge or target rates.

It is proposed that the Company may execute forward contacts, options, derivatives, currency swaps, coupon swaps, principal swaps, forward rate agreements, interest rate swaps, coups swaps, and other permissible structured products within the regulatory framework from time to time based on market movement and changing views.

Accounting and Reconciliation

The Company follows the accounting treatment and disclosure standards on derivative contracts as envisaged under Accounting standard 30 and 32 issued by Institute of Chartered Accountants of India.

The authorized person support staff shall prepare detailed profits/loss statement and forward the same to higher authorities for their review. Any difference in the statement should be sorted out immediately.

Audit

The purpose is to reconcile transactions to verify compliances with the regulations and ensure the effectiveness of internal control measures and policy guidelines and to measure progress on a regular basis.

Audit will be earned out in the following areas:

- Documentation related areas:
- Compliance with authority limits (Trade and payments both);
- Execution of deals, payments and receipts;
- Monitoring of positions limit;
- Accounting and taxations areas.

Monitoring and Control

The purpose is to review the executed trades on exchange/banks, limits and compliances with terms and conditions of the bank/exchanges.

The authorized person/s shall review all the past trades done and will also analyze the individual and accumulative open positions. The review should include the net effect of entering into various transactions by considering the following:

- Realized cash flows;
- Unrealized cash flows i.e., Mark-to Market of outstanding positions;
- Mark to market of the underlying.

This review shall be at least quarterly or more frequent based on the requirement and the underlying nature of risk.

The Board has authorized to the following person(S) ("Authorized person") individually and severally to: -



a) Enter into permitted derivative Transactions either in writing or verbally (Whether over the telephone or otherwise):

b) Amend, terminate and cancel any such transactions:

| Name of the Authorized Person(s) | Designation | Maximum transection size/ intraday limit (USD equivalent) | Signature of Authorized Person(S) |
|----------------------------------|---------------------|---|-----------------------------------|
| ANKIT JALAN | MANAGING DIRECTOR | 3,50,000.00 USD | Ankit Jalan |
| PRACHI JALAN | WHOLE TIME DIRECTOR | 3,50,000.00 USD | Prachi Jalan |

The Board has also authorized to the following person(s) ("Authorized Persons") Individually and severally to:- (to be different from the Authorized Persons mentioned above)-

| Name of the Authorized Person(s) | Designation | Maximum transection size/ intraday limit (USD equivalent) | Signature of Authorized Person(S) |
|----------------------------------|---------------------|---|-----------------------------------|
| ANKIT JALAN | MANAGING DIRECTOR | 3,50,000.00 USD | Ankit Jalan |
| PRACHI JALAN | WHOLE TIME DIRECTOR | 3,50,000.00 USD | Prachi Jalan |

a) negotiate enter into or sign for and on behalf of the Company, the ISDA Master Agreement, any amendment thereto, agreements and any and all documentation in connection with the ISDA Master Agreement including for the purposes of providing collateral and any other agreement(s) including the Security Documents, Credit Support Document, lien, deeds, papers and all other ancillary documents there under on behalf of the Company and no further internal approval is required from the Company to enter into such agreements/documents between the Bankers and the Company and any other agreement incidental thereto;

b) sign, and execute any contract/confirmation/amendment/termination/ cancelation evidencing Treasury/Derivative Transactions from time to time entered into between the company and the Bankers:

c) provide certificate or any other documents or information sought by the Bankers of the company and to take all future steps or action which the company may have to do for availing or entering into any derivative transaction offered by the bankers of the company: and to file all compliance reports, returns and any other documents with the reserve Bank of India or any other statutory/ regulatory/ regulatory Authority may be required from time to time.



d) Received from the Bankers intimation/ information/ periodical MTM reports, etc.

| Name of the Authorized Person(s) | Designation | Signature of Authorized Person(S) |
|----------------------------------|---------------------|-----------------------------------|
| ANKIT JALAN | MANAGING DIRECTOR | Ankit Jalan |
| PRACHI JALAN | WHOLE TIME DIRECTOR | Prachi Jalan |

The regular compliances to Reserve Bank of India and other statutory body/ies will be done by the authorized person/s.

All derivate deals will only be executed with banks/primary dealers with whom ISDA's have been executed or prior approval to execute without ISDA is obtained; Appropriate underlying is available within the Corporate, Ensure adequate underlying exposures are available with the Company prior to execution of any derivative transaction;

In case person other than the authorized individual is required to execute the transactions, then appropriate approvals from one/all members of the risk committee should be taken;

Confirmations for transactions be exchanged with the banks immediately on conclusion of deal and further followed by written stamped confirmation.

The Risk Management Policy of the Company shall continue to be in full force and effect and the Bankers shall be entitled to rely upon and act pursuant to the same until such time the revocation of the same by the Company is duly intimated to and acknowledged by the Bankers.

Tandhan Polyplast Limited

Ankit Jalan

Signature:

Managing Director

Name: Ankit Jalan

Designation: Managing Director

DIN: 01835733

Place: Howrah

Date: 18.03.2024