



INDIGO PAINTS LIMITED

RISK MANAGEMENT POLICY

Approved on: October 20, 2020
First Revision: March 23, 2024

Registered Office: INDIGO Paints Limited

Indigo Tower, Street-5, Pallod Farm-2, Baner Road, Pune - 411045

T: +91 20 6681 4300, Email: info@indigopaints.com, Website: www.indigopaints.com, CIN: L24114PN2000PLC014669





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RISK MANAGEMENT POLICY

1. Foreword

1.1 Objective

The main objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks and uncertainties associated with the business impacting the Company's strategies, objectives and goals. In order to achieve the key objective, the policy (the "**Risk Management Policy**") establishes a structured and disciplined approach to Risk Management, including maintaining the Risk Register, in order to guide decisions on risk evaluating & mitigation related issues. The Risk Management Policy is in compliance with the Regulation 17(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and provisions of Companies Act, 2013, as amended which requires the Company to lay down procedures about risk assessment and risk minimization.

1.2 Applicability

This policy applies to every part of Indigo Paints Limited ("**Company**") business and functions.

2. Definitions

- 2.1 "**Company**" means Indigo Paints Limited.
- 2.2 "**Risk**" means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.
- 2.3 "**Risk Management**" is the process of systematically identifying, quantifying, and managing all Risks and opportunities that can affect achievement of a corporation's strategic and financial goals.
- 2.4 "**Risk Management Committee**" means the Committee formed by the Board. The Committee shall meet at least twice in a year or such other period as may be prescribed or amended from time to time and the Meetings shall be conducted on a continuous basis not more than one hundred and eighty (180) days shall elapse between two meetings.
- 2.5 "**Risk Assessment**" means the overall process of risk analysis and evaluation.
- 2.5 "**Risk Register**" means a tool for recording the Risks identified under various operations/ domains.

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3. Risk Management

Principles of Risk Management

- 3.1. The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses.
- 3.2. All concerned process owners of the Company, as designated by the Committee, shall be responsible for identifying & mitigating key Risks in their respective domain.
- 3.3. The occurrence of Risks, progress of mitigation plan will be monitored on periodic basis and its report from designated process owners will be presented at each meeting of the Committee.
- 3.4. The risk identification, assessment and mitigation process actively involves people at all levels in the management.

4. Risk Management Procedures

4.1. General

Risk management process includes four activities: Risk Identification, Risk Assessment, Risk Mitigation and Monitoring & Reporting.

4.2. Risk Identification

The purpose of Risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives. All Risks identified are documented in the form of a Risk Register. The Risk Register incorporates risk description, category, classification, mitigation plan, responsible function, person/department.

Risk Categories: It is necessary that Risks are assessed after taking into account the existing controls, so as to ascertain the current level of Risk. All the Risks are broadly categorized as External and Strategic risks, Manufacturing and Operational risks, Financial risks, Sales risks, Internal, Sustainability and ESG related risks, Cyber Security and backup risks. The severity of each of the Risks will be further categorized – low, medium and high.

The Committee has designated the persons for efficient and effective execution of identification, internal control and mitigation of risk process. The Risks will be identified by designated individual i.e. process owners for respective domain as mentioned below:

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- External, Strategic and Sectoral risks: Mr. Hemant Jalan & Mr. Narayanankutty Kottiedath Venugopal
- Manufacturing and Operational risks: Mr. Pavan Sharma
- Financial risks: Mr. Chetan Humane
- Sales risks: Mr. T. S. Suresh Babu
- Internal, Sustainability and ESG-related risks: Mr. Srihari Santhakumar
- Cyber Security and Back-up related risks: Mr. Onkarnath Jha.

4.3. Risk Assessment

Assessment involves quantification of the impact of Risks to determine potential severity and probability of occurrence. Each identified Risk is assessed on two factors which determine the Risk exposure:

- A. Impact if the event occurs
- B. Likelihood of event occurrence

4.4. Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

All identified Risks should be mitigated using any of the following Risk mitigation plan:

- a) Risk avoidance: By not performing an activity that could carry Risk. Avoidance may seem the answer to all Risks but avoiding Risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.
- b) Risk transfer: Mitigation by having another party to accept the Risk, either partial or total, typically by contract or by hedging / Insurance.
- c) Risk reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.
- d) Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.

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5. Monitoring and reviewing Risks

The designated individual i.e. process owner for respective domain reviews the Risk Register and reports any new material identified risk to the existing list, twice a year to the Committee for formulation of mitigation plan and future course of action for mitigating all risks. The Committee will monitor and oversee implementation of the Policy, including formulation of risk mitigation plan and its execution, assessing the severity and determining of duration of mitigation of risks and evaluating the adequacy of risk management systems. The Secretary of the Committee shall maintain the Risk Register.

The Committee will periodically review the Risk Management Policy, at least once in two years, considering the changing industry dynamics and evolving complexity.

Existing process of Risk Assessment of identified Risks and its mitigation plan will be appraised by the Risk Management Committee to the Board of Directors of the Company on an annual basis.

6. Amendment

Any change in the Risk Management Policy shall be approved by the board of directors ("**Board**") of the Company. The Board shall have the right to withdraw and/or amend any part of this Risk Management Policy or the entire Risk Management Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Risk Management Policy.

7. Communication of this Policy

This Risk Management Policy shall be posted on the website of the Company i.e. www.indigopaints.com/investors

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