

# RISK MANAGEMENT POLICY

(Effective from May 26, 2014)



**Factory & Head Quarter :**

Survey No. 312,  
Bhavnagar-Rajkot Highway, Navagam,  
Vartej-364060, Bhavnagar (INDIA)  
PH. : +91-278-2540218, 2540893  
Fax : +91-278-2540558  
E-mail : [info@carysil.com](mailto:info@carysil.com)

**Regd. Office :**

704, Centre Point, J. B. Nagar,  
Andheri-Kurla Road,  
Andheri (East), Mumbai-400 059 (INDIA)  
Ph. : +91-22-66711101, 66711105  
Fax : +91-22-66711109  
**CIN : L26914MH1987PLC042283**

**Ahmedabad Office :**

U.G.F. Shop No.15,16,  
Rivera Arcade, 100Ft. Road,  
Satellite,Ahmedabad-380015.(INDIA)  
Ph. : +91-79-26937082  
Fax : +91-79-40034112

**Bangalore Office :**

253,A-Kanakpura Main Road,  
7th Block, Jayanagar,  
Bangalore-560082.(INDIA)  
Ph.+91-9845196551

**Delhi Office :**

Mansarovar Garden,  
First Floor, Property No. 11,  
Near Destimoney Bank,  
New Delhi. (INDIA)  
Tel. : 011 - 40524889

## RISK MANAGEMENT POLICY

### Back Ground and Implementation

1. Acrysil Limited ("Acrysil") is the only in all of Asia and one of just a few companies worldwide who manufacturing quartz kitchen sinks to global standards of quality, durability and visual appeal. Acrysil has no competition in its class in India. But, Acrysil has never ceased its efforts to enhance the value of our products through innovative R&D, and have developed more than 20 models in Brand name of "CARYSIL" to cater to various segments and markets.
2. Acrysil also manufacturing stainless steel sinks who has highly fragmented market both in India and abroad with a large number of players. Acrysil has made some initial forays in the global market; it is focusing on the domestic market.
3. Acrysil launched a range of lifestyle kitchen appliances like faucets, hoods and chimneys, hobs and cook tops, ovens and microwave ovens, food waste disposers and wine chillers.
4. This document is intended to formalize a risk management policy the objective of which shall be identification, evaluating, monitoring, and minimizing identifiable risks.
5. This is in compliance with clause 49 of Listing Agreement, which requires the Company to lay down procedures about the risk assessment and risk minimization.
6. The Board of Directors of the Company and the Audit Committee of Directors shall periodically review the risk management policy of the Company so that management controls the risk through properly defined net work.
7. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Audit Committee.
8. The Company, like any other Company, is exposed to various risks like Raw Material risk, Quality risk, Competition risk, Foreign exchange risk, Realization risk, Cost risk, Product Concentration risk, Human Resources turnover risk, technological obsolescence risk, Plant accident risk(fire, pollution, employee health, injuries, etc.) and security risk. Each of these risks have been evaluated based on Probability of occurrence, impact on the Company, Control and mitigation of the risk and effectiveness of risk containment. Insurance policies have been taken wherever there was a perceived risk and a robust risk management system is put in place which is elaborated as a part of Risk Management Policy.



**ACRYSIL LIMITED** (ISO 9001 : 2008 ; 14001 : 2004 and BS OHSAS 18001 : 2007)

www.acrysilcorporateinfo.com  
Visit us on : www.carysil.com

#### Factory & Head Quarter :

Survey No. 312,  
Bhavnagar-Rajkot Highway, Navagam,  
Vartej-364060, Bhavnagar (INDIA)  
PH. : +91-278-2540218, 2540893  
Fax : +91-278-2540558  
E-mail : info@acrysil.com

#### Regd. Office :

704, Centre Point, J. B. Nagar,  
Andheri-Kurla Road,  
Andheri (East), Mumbai-400 059 (INDIA)  
Ph. : +91-22-66711101, 66711105  
Fax : +91-22-66711109  
CIN : I26914MH1987PIC042283

#### Ahmedabad Office :

U.G.F. Shop No.15,16,  
Riviera Arcade, 100Ft. Road,  
Satellite,Ahmedabad-380015.(INDIA)  
Ph. : +91-79-26937082  
Fax : +91-79-40034112

#### Bangalore Office :

253,A-Kanakpura Main Road,  
7th Block, Jayanagar,  
Bangalore-560082.(INDIA)  
Ph.+91-9845196551

#### Delhi Office :

Mansarovar Garden,  
First Floor, Property No. 11,  
Near Destimoney Bank,  
New Delhi. (INDIA)  
Tel. : 011 - 40524889

## 1. Risks and Concerns

### Raw material risk

Non availability of good quality raw material could negate the qualitative and quantitative production of quartz kitchen sinks and stainless steel kitchen sinks.

### Risk mitigation

Acrysil procures its raw material from foreign market on a sustained basis on account of its large capacities and timely payments. The substitution of imported raw material by indigenous ones, process improvement and stringent quality control are a few of the areas where R&D has made significant contribution. The company also took an important step in backward integration which has resulted in imported raw material being replaced by indigenous one.

### Quality risk

Highest quality parameters are a must for Premium and Super Premium Brand in line of Kitchen related business or industry and any negligence in regard to the same could lead to severe consumer attrition.

### Risk mitigation

All the world-class excellence of any Acrysil product can be seen in its unique kitchen sinks, made of quartz bonded with resin and moulded with CNC-controlled precision featuring international looks and styling, with a glossy granite finish, combined with scratch-resistant dent-proof stain resistant and heat-proof durability. It's the product of a technology that no other Indian manufacturer can offer.

The quality of Acrysil's products has not only led to better acceptance in even the fiercely competitive markets; but also has resulted in high repeat business on account of increased customer loyalty. Moreover Acrysil is certified for ISO 9001:2008 as a truly international product, Acrysil also carries ISO9000-14000 certification. The ISO certifications will give international reorganization and will help boost export turnover.

ISO 14001:2004 OHSAS & BIS-18001:2007 for Environment, Health and Safety Policy, Acrysil considers the environment, health and safety performance criterion as an integral part of business and essential for long term success and strengthening its quality commitment.



**ACRYSIL LIMITED** (ISO 9001 : 2008 ; 14001 : 2004 and BS OHSAS 18001 : 2007)

www.acrysilcorporateinfo.com  
Visit us on : www.carysil.com

#### Factory & Head Quarter :

Survey No. 312,  
Bhavnagar-Rajkot Highway, Navagam,  
Vartej-364060, Bhavnagar (INDIA)  
PH. : +91-278-2540218, 2540893  
Fax : +91-278-2540558  
E mail : info@acrysil.com

#### Regd. Office :

704, Centre Point, J. B. Nagar,  
Andheri-Kurla Road,  
Andheri (East), Mumbai-400 059 (INDIA)  
Ph. : +91-22-66711101, 66711105  
Fax : +91-22-66711109  
CIN : I 26914MH1987PLC042283

#### Ahmedabad Office :

U.G.F. Shop No.15,16,  
Rivera Arcade, 100ft. Road,  
Satellite,Ahmedabad-380015.(INDIA)  
Ph. : +91-79-26937082  
Fax : +91-79-40034112

#### Bangalore Office :

253,A-Kanakpura Main Road,  
7th Block, Jayanagar,  
Bangalore-560082.(INDIA)  
Ph.+91-9845196551

#### Delhi Office :

Mansarovar Garden,  
First Floor, Property No. 11,  
Near Destimoney Bank,  
New Delhi. (INDIA)  
Tel. : 011 - 40524889

### Competition risk

Acrysil faces competition not only from India based companies but increasingly from the multinational companies. Acrysil's differentiation strategy incorporating its unique business approach has led to its emerging as a leader in the rapidly growing lifestyle kitchen products industry. To remain competitive, Acrysil has developed competencies in various technologies and offers a wide range of cutting edge technology products to customers based on their needs.

In the domestic market, Acrysil is a dominant player but does have limited competition from a few multinationals.

But many competitors with cheaper variants in stainless steel kitchen sinks and Kitchen Appliances can actually capture the market with lower price schemes.

### Risk mitigation

Acrysil believes that in the long run, quality of quartz kitchen sinks, stainless steel kitchen sinks and kitchen appliances is the sole consideration of the consumers and has therefore never compromised at any cost.

Acrysil has strong focus on Research & Development, which enables it to introduce new varieties of quartz kitchen sinks, stainless steel kitchen sinks and kitchen appliances to derive a first mover's advantage for the initial specific period.

Acrysil has intensified its branding initiatives in recent years, to ensure a credible brand, which would differentiate the Company's top line even in a largely crowded quartz kitchen sinks, stainless steel kitchen sinks and kitchen appliances.

### Foreign exchange risk

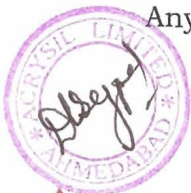
Acrysil is exposed to foreign exchange risk on account of its large exports.

### Risk mitigation

The global financial position continues to remain volatile with wide swings in currencies impacting the industry. This trend is expected to continue during another few years. The company is exposed to risks from market fluctuations of foreign exchange and price fluctuation on its finished goods.

### Realisations risk

Any decline in the realisations would directly affect the Company's performance.



**ACRYSIL LIMITED** (ISO 9001 : 2008 ; 14001 : 2004 and BS OHSAS 18001 : 2007)

[www.acrysilcorporateinfo.com](http://www.acrysilcorporateinfo.com)  
Visit us on : [www.carysil.com](http://www.carysil.com)

#### Factory & Head Quarter :

Survey No. 312,  
Bhavnagar-Rajkot Highway, Navagam,  
Vartej-364060, Bhavnagar (INDIA)  
PH. : +91-278-2540218, 2540893  
Fax : +91-278-2540558

#### Regd. Office :

704, Centre Point, J. B. Nagar,  
Andheri-Kurla Road,  
Andheri (East), Mumbai-400 059 (INDIA)  
Ph. : +91-22-66711101, 66711105  
Fax : +91-22-66711109  
CIN : L2801AMH1987PI CN47283

#### Ahmedabad Office :

U.G.F. Shop No.15,16,  
Rivera Arcade, 100Ft. Road,  
Satellite,Ahmedabad-380015.(INDIA)  
Ph. : +91-79-26937082  
Fax : +91-79-40034112

#### Bangalore Office :

253,A-Kanakpura Main Road,  
7th Block, Jayanagar,  
Bangalore-560082.(INDIA)  
Ph.+91-9845196551

#### Delhi Office :

Mansarovar Garden,  
First Floor, Property No. 11,  
Near Destimoney Bank,  
New Delhi. (INDIA)  
Tel. : 011 - 40524889

### **Risk mitigation**

Acrysil sells all its varieties of Products through distributor and dealer channel in domestic market, ensuring that while the quality is maintained on one hand; on the other hand its products don't get perceived or compared with the quality of other Brands.

Acrysil sells all its varieties of Products through its best export managers in foreign market by taking advance payments from major customers by this risk of realisation mitigated.

Acrysil sells all the varieties under credible brands, which caters to all the major consumers, assuring them of the superior quality of Acrysil's products, leading to better realisations, even in the wake of competing brands.

### **Cost risk**

The undulating prices of vital raw materials result in a pressure on margins. Rising prices of resources make it a challenge for the Company to reduce material costs. Due to its niche position in many of its products, it is able to use its economies of scale and purchasing power to limit the pressures of increasing input costs.

### **Risk mitigation**

Acrysil has consistently been a branded player of Premium and Super Premium Brand in line of Kitchen related business or industry and due to its established credibility it passes on this increased cost (freight and interest) to its customers.

### **Product concentration risk**

About 75 percent of Acrysil's total sales are derived from quartz kitchen sinks products. Concentration on a single product type can hamper Acrysil's sustainability in the long run.

### **Risk mitigation**

As Acrysil strives to become a one stop lifestyle kitchen product brand, it has diversified its product portfolio. During the year, the company launched a range of lifestyle kitchen appliances like faucets, hoods and chimneys, hobs and cook tops, ovens and microwave ovens, food waste disposers and wine chillers. These products have received encouraging response, and Acrysil looks forward to strengthening its footprint for these products in the domestic market. The company also introduced stainless steel sinks for the medium-end market under the brand name 'Canter', as its existing brand 'Carysil' is so strongly positioned and caters to the 'premium' and 'super premium' segments. This wide product integration coupled with diversified product offerings would enable Acrysil to mitigate the risk of product concentration.



**Acrysil Limited** (ISO 9001 : 2008 ; 14001 : 2004 and BS OHSAS 18001 : 2007)

[www.acrysilcorporateinfo.com](http://www.acrysilcorporateinfo.com)  
Visit us on : [www.carysil.com](http://www.carysil.com)

#### **Factory & Head Quarter :**

Survey No. 312,  
Bhavnagar-Rajkot Highway, Navagam,  
Vartej-364060, Bhavnagar (INDIA)  
PH. : +91-278-2540218, 2540893  
Fax : +91-278-2540558  
E-mail : [info@carysil.com](mailto:info@carysil.com)

#### **Regd. Office :**

704, Centre Point, J. B. Nagar,  
Andheri-Kurla Road,  
Andheri (East), Mumbai-400 059 (INDIA)  
Ph. : +91-22-66711101, 66711105  
Fax : +91-22-66711109  
**CIN : L26914MH1987PLC042283**

#### **Ahmedabad Office :**

U.G.F. Shop No.15,16,  
Rivera Arcade, 100ft. Road,  
Satellite,Ahmedabad-380015.(INDIA)  
Ph. : +91-79-26937082  
Fax : +91-79-40034112

#### **Bangalore Office :**

253,A-Kanakpura Main Road,  
7th Block, Jayanagar,  
Bangalore-560082.(INDIA)  
Ph.+91-9845196551

#### **Delhi Office :**

Mansarovar Garden,  
First Floor, Property No. 11,  
Near Destimoney Bank,  
New Delhi. (INDIA)  
Tel. : 011 - 40524889

## Other risks

Apart from the risks mentioned above, Acrysil's business is exposed to other operating risks, which are mitigated through regular monitoring and corrective action.

### i) Human Resource Development

Employees today are looking for development opportunities, empowerment and work-life balance in an organization. Acrysil continuously innovates and customizes its human resource (HR) strategy to meet changing employee needs.

Acrysil's human resource philosophy, strategy and processes are designed to attract and retain quality talent and nurture workplace challenges that keep employees highly engaged, motivated and committed to innovation and customer delight.

The Company fosters a culture that rewards performance, continuous learning, collaboration and capability development across the organization, to meet head-on the challenges posed by ever-changing market realities. Your Company's commitment to investing in human resources ensures performance and achievement of the highest order.

The Company believes that the people are the vital force of the organization. Acrysil's dedicated and talented workforce of more than 187 people assisted in driving our achievements and success.

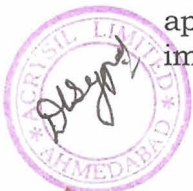
### ii) Technological Obsolescence

Acrysil operates in an ever evolving and dynamic technology environment and the Company continuously reviews and upgrades its technology, resources and processes lest it faces technology obsolescence. There is continuous R&D work going on new technology is evolved.

## 2. Risk Management System

As a diversified enterprise, Acrysil has always had a system- based approach to business risk management. Backed by strong internal control systems, the current risk management framework consist of the following elements:

1. The Corporate Governance Policy clearly lays down the roles and responsibilities of the various entities in relation to risk management. A range of responsibilities, from the strategic to the operational is specified in the Governance Policy. These role definitions, inter alia are aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.



**ACRYSIL LIMITED** (ISO 9001 : 2008 ; 14001 : 2004 and BS OHSAS 18001 : 2007)

[www.acrysilcorporateinfo.com](http://www.acrysilcorporateinfo.com)  
Visit us on : [www.carysil.com](http://www.carysil.com)

#### Factory & Head Quarter :

Survey No. 312,  
Bhavnagar-Rajkot Highway, Navagam,  
Vartej-364060, Bhavnagar (INDIA)  
PH. : +91-278-2540218, 2540893  
Fax : +91-278-2540558  
E-mail : [info@carysil.com](mailto:info@carysil.com)

#### Regd. Office :

704, Centre Point, J. B. Nagar,  
Andheri-Kurla Road,  
Andheri (East), Mumbai-400 059 (INDIA)  
Ph. : +91-22-66711101, 66711105  
Fax : +91-22-66711109  
**CIN : L26914MH1987PLC042283**

#### Ahmedabad Office :

U.G.F. Shop No.15,16,  
Rivera Arcade, 100Ft. Road,  
Satellite,Ahmedabad-380015.(INDIA)  
Ph. : +91-79-26937082  
Fax : +91-79-40034112

#### Bangalore Office :

253,A-Kanakpura Main Road,  
7th Block, Jayanagar,  
Bangalore-560082.(INDIA)  
Ph.+91-9845196551

#### Delhi Office :

Mansarovar Garden,  
First Floor, Property No. 11,  
Near Destimoney Bank,  
New Delhi. (INDIA)  
Tel. : 011 - 40524889

2. A combination of centrally issued policies and divisionally – evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.
3. Appropriate structures have been put in place to effectively address the inherent risks in businesses with unique / relatively high risk profiles.
4. A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk managements processes may need to be improved. The Audit Committee of the board reviews Internal Audit findings, and provides strategic guidance on Internal Controls. Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.
5. The company has a business planning system to set Organasation and Individual Goals for operations which are reviewed with actual performance to ensure timely initiation of corrective action, if required.

The combination of policies processes as outlined above adequately addresses the various risks associated with your Company's businesses.

The senior management of the Company periodically reviews the risk management's framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

Signed

Effective Date 26/05/2014

FOR, ACRYLIL LIMITED



*Damodar H. Sejpal*  
Damodar H. Sejpal  
Company Secretary



**Acrysil Limited** (ISO 9001 : 2008 ; 14001 : 2004 and BS OHSAS 18001 : 2007)

[www.acrysilcorporateinfo.com](http://www.acrysilcorporateinfo.com)  
Visit us on : [www.carysil.com](http://www.carysil.com)

**Factory & Head Quarter :**

Survey No. 312,  
Bhavnagar-Rajkot Highway, Navagam,  
Vartej-364060, Bhavnagar (INDIA)  
PH. : +91-278-2540218, 2540893  
Fax : +91-278-2540558  
E-mail : [info@carysil.com](mailto:info@carysil.com)

**Regd. Office :**

704, Centre Point, J. B. Nagar,  
Andheri-Kurla Road,  
Andheri (East), Mumbai-400 059 (INDIA)  
Ph. : +91-22-66711101, 66711105  
Fax : +91-22-66711109  
**CIN : L26914MH1987PLC042283**

**Ahmedabad Office :**

U.G.F. Shop No.15,16,  
Rivera Arcade, 100Ft. Road,  
Satellite,Ahmedabad-380015.(INDIA)  
Ph. : +91-79-26937082  
Fax : +91-79-40034112

**Bangalore Office :**

253,A-Kanakpura Main Road,  
7th Block, Jayanagar,  
Bangalore-560082.(INDIA)  
Ph.+91-9845196551

**Delhi Office :**

Mansarovar Garden,  
First Floor, Property No. 11,  
Near Destimoney Bank,  
New Delhi. (INDIA)  
Tel. : 011 - 40524889