

Risk Management

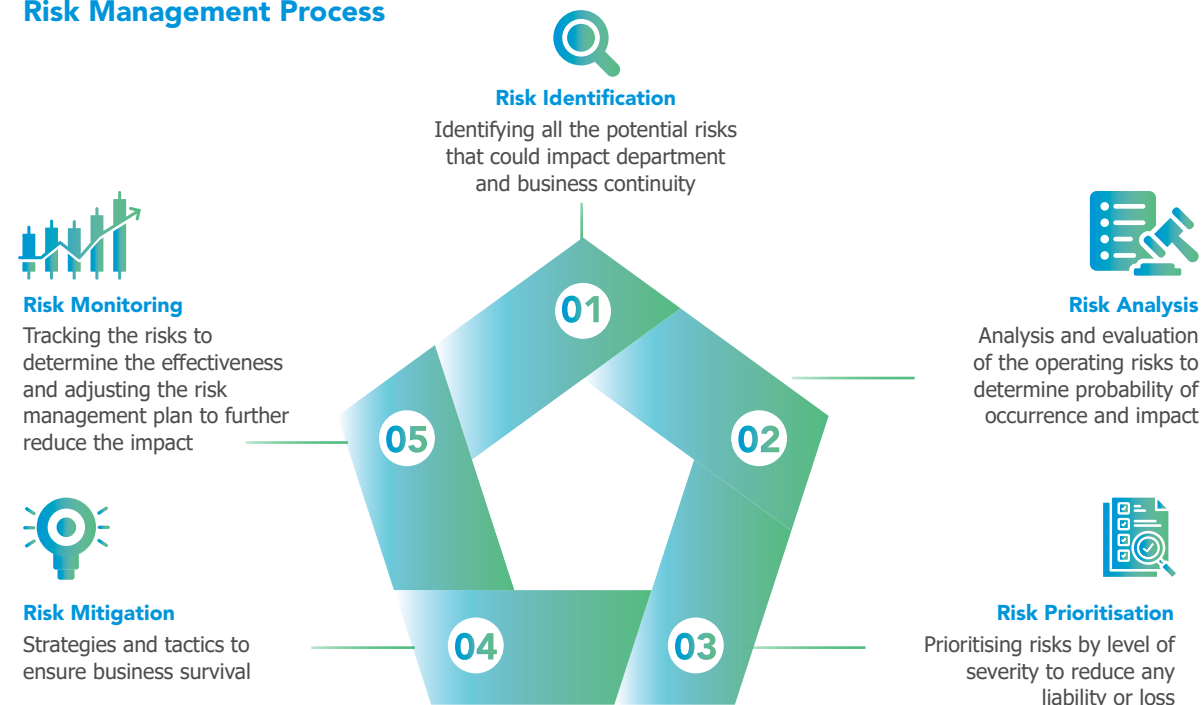
Building Resilient Futures

As part of integrating risk management into our strategic planning, we have an enterprise-wide comprehensive risk governance framework. This framework assists us in informed decision-making and long-term business resilience.

By embedding risk considerations into our business processes, we have enhanced our ability to proactively manage risks and, where possible, turn them into opportunities. This framework is governed by a comprehensive Risk Management Policy that outlines our approach to identifying, assessing, and addressing risks across the organisation.



Risk Management Process



Our Board-level Risk Management Committee (RMC) plays a pivotal role in identifying a wide spectrum of risks, including ESG-related risks. The Committee is entrusted with responsibility of establishing control standards, compliance oversight, and monitoring the implementation of mitigation measures. It also recommends corrective or forward-looking actions as necessary to ensure business continuity, protect stakeholder interests, and support sustainable long-term growth.

The Committee also assists the Board in designing, executing, and reviewing the Risk Management Policy, while continuing to support the Audit Committee in evaluating the effectiveness of the overall risk management framework. The Committee meets bi-annually to discuss and review progress on emerging risks and further informs the Board on addition of new material elements.

Managing Risks

As part of our risk management process, we regularly review our risk exposure and classify them as high, medium, or low, based on the parameters defined

in the Risk Management Framework. This process ensures that strategic objectives are achieved, stakeholder interests are upheld, and the Company remains resilient. Additionally, we have implemented a comprehensive Control Self-Assessment (CSA) mechanism that regularly checks compliance with internal policies and operational procedures.

To effectively manage existing and emerging risks, our Business Leadership Team and designated Risk Owners review and identify different type of risks and report mitigation strategies to the Corporate Leadership Team (CLT). The CLT further submits them to the Risk Management Committee for evaluation. Additionally, we provide focussed training and awareness sessions on risk management principles across all employee levels in the Company. The review of our risk exposure is done on regular basis.

Additionally, the board of directors – including executive and non-executive – are given regular risk management trainings and updates.

Key Risks Identified

Mitigation Strategies



Financial Risk

- ◆ Detailed policy guidelines to deal with key financial risks
- ◆ Robust processes & systems for ensuring timely reporting and compliance with applicable regulatory framework
- ◆ Optimum cash flows through continuous new product development and innovation



Regulatory Risk

- ◆ Continuous monitoring of the changing regulations, impact assessment, implementation of statutory compliance, internal audit and external legal review (including ESG)
- ◆ Liaisoning with regulatory bodies and industry associations to bring systemic changes for the benefit of industries



Operational Risk

- ◆ Implementation of safety and quality management systems, TQM-driven processes to eliminate operational risks and contribute to the Company's strategy for sustained operational success
- ◆ Adoption and deployment of resource efficiency initiatives (across energy, water, etc.), ensuring reduction in loss time injuries
- ◆ Development and retention of a skilled workforce that contributes to organisational goals by offering opportunities for learning and development, and career growth



IT and Cyber Security Risk

- ◆ Implementation of new perimeter security mechanisms such as dual firewalls, internet content filtering, mobile device management for users with critical data leak risk, etc.
- ◆ Training and awareness sessions on cybersecurity risks conducted for those in possession of Company's digital assets on regular basis
- ◆ Ensuring adequate update and maintenance of servers and network devices for added security and data protection



Strategic Risk

- ◆ Long-term strategic planning and regular management reviews with business teams, Audit Committees and Board meetings
- ◆ Strategic sourcing initiative ensuring uninterrupted supply of raw materials
























Sustainability including ESG

- ◆ Focussed implementation of various projects on key ESG initiatives including carbon emissions reduction, decarbonisation measures, optimising water debit/credit norms, improving diversity and inclusion, reducing LTIFR, setting up robust system and processes for waste management and recycling
- ◆ Conducted Product Carbon Footprint (PCF) assessment of key products and working closely with the value chain partners to reduce the carbon footprint of the entire product life cycle

Our Strategy: Our Aspirations 2030

Our strategic objectives reflects in our "Aspirations 2030", guiding our progressive journey with a clear vision. Driven by our aspiration, we aim for operational excellence through streamlined processes, ensuring quality, digitalisation and cost optimisation. We are committed to building a professional reputation founded on strong ethics and integrity. Prioritising customer advocacy, we strive to exceed expectations with exceptional value and service. Embracing innovation and technology leadership, we continuously seek cutting-edge growth solutions. Furthermore, we are dedicated to environmental stewardship and social responsibility, ensuring a sustainable impact on our communities.

Aspirations 2030	Material Aspects	SDG's Impacted
 <h3>Operational Excellence</h3>	<ul style="list-style-type: none"> ◆ Creating new and differentiated offerings that deliver superior customer value through innovations and improvements in quality, cost, efficiency, or environmental benefits, supported by digital technologies for efficiency and reliability. In addition, nurturing a capable workforce that continues to develop new solutions and provide advanced technical support ◆ Implementation of various facets of the Total Quality Management (TQM) way to create new benchmarks across multiple dimensions of Quality, Cost, Delivery, Safety, Health & Environment and Morale (QCDSM) 	  
 <h3>Professional Reputation and Value System</h3>	<ul style="list-style-type: none"> ◆ In line with the core values, SRF strives to attract, retain and nurture talent that demonstrates high levels of ethics and integrity while delivering high quality products to its customers, thereby enhancing the brand value and reputation of the Company 	  
 <h3>Customer Advocacy</h3>	<ul style="list-style-type: none"> ◆ Building a customer-focussed, agile and lean organisation, becoming a trusted, long-term partner of choice with the customers through innovative offerings and strong customer relationships 	 
 <h3>Innovation and Technology Leadership</h3>	<ul style="list-style-type: none"> ◆ The Company constantly focusses on developing and investing in new technologies and developing new-age products to lead the way in serving the emerging needs of customers and deliver value over the long run ◆ SRF's focus on adequate allocation of resources to effectively implement systems and initiatives is helping in creating sustainable value on an ongoing basis. The Company will continue to focus on the key strategic areas that have contributed to driving improvements across the ESG material aspects 	  
 <h3>Environment & Social Responsibility</h3>	<p>Our Environment and Social Responsibility will focus on four main aspects:</p> <ul style="list-style-type: none"> ◆ We will benefit the communities where we work ◆ We will embrace diversity, equality and inclusion in our workforce ◆ We will enhance our focus on the 3R's - Recycle, Reuse and Reduce ◆ We will transition from traditional energy to renewable energy in the future 	       

Risks	Material Aspects	Strategic Focus Areas	Progress in FY25	Aspirations 2030
 <p>Operational</p>	<p>Energy management GHG emissions management Air emissions Water conservation Waste management Key material procurement and management</p>	<ul style="list-style-type: none"> ◆ Focus on implementing cutting-edge technology and energy efficiency initiatives to achieve energy savings ◆ Transition to cleaner energy sources to mitigate carbon emissions ◆ Drive efforts towards reducing water consumption with water-efficient technologies, recycling and reusing wastewater and storing rainwater to the maximum extent possible ◆ Emphasis on the principle of 3R – Reduce, Reuse and Recycle and strive to operate in a 'closed-loop' through circularity in operations ◆ Continuous efforts on local sourcing of raw materials and increasing the use of recycled materials in production 	<ul style="list-style-type: none"> ◆ Implemented energy efficiency initiatives, leading to energy savings of 17,395 MWh ◆ 1,667 TJ of energy consumed from renewables and biomass ◆ 20,12,729 KL of water consumption met through recycled wastewater ◆ 21,87,990 KL of water recharged through rainwater harvesting ◆ Following 3R principle - recycled materials used as raw materials in production ◆ Utilisation of onsite generation of fly ash and other process waste as raw material in cement industries ◆ 74.38% input material sourced sustainably (including capital goods) 	 <p>Operational Excellence</p>
 <p>Financial</p>	<p>Employment Occupational health and safety Local communities</p>	<ul style="list-style-type: none"> ◆ Concentrated efforts on creating a favourable environment for employees to nurture and grow through structured learning and development, career advancement, and rewards and recognition programme to keep employees motivated and engaged ◆ Build a workplace that thrives on diversity, equity and inclusion, and supports human rights ◆ Endeavour to create a safe and secure work environment by embedding health and safety in the company culture and implementing robust systems to ensure well-being of each employee ◆ Relentless efforts to empower local communities through community initiatives focussing on vocational skills, education, natural resource management, among others 	<ul style="list-style-type: none"> ◆ 1,93,592 training manhours ◆ Increase in female representation in management role by 8% compared to previous year ◆ 89% employee engagement survey ◆ 4.67 lakh+ beneficiaries of CSR initiatives in local communities ◆ ₹ 25.99 Crores of CSR expenditure ◆ CSR projects: 37 	 <p>Professional Reputation and Value System</p>
 <p>IT & Cyber-security</p>				
 <p>Strategic</p>	<p>Total Quality Management Innovation and Research & Development</p>	<ul style="list-style-type: none"> ◆ Emphasis on capitalising new opportunities, expand product portfolio considering the evolving customer expectations and enhancing market presence ◆ Implement differentiated business strategies, prudent capital allocation, optimum utilisation of natural resources to lower operating costs, automate processes and strengthen business processes that aid in building a sustainable business model ◆ Deliver long-term sustainable returns to shareholders by increasing market capitalisation and regular dividend pay-out ◆ Implementation of Total Quality Management (TQM) for meeting evolving customer aspirations and shifting market dynamics by bringing systemic changes to maximise plant efficiency and deliver diverse solutions 	<ul style="list-style-type: none"> ◆ TQM-led supply chain improvements, enhancement of internal process efficiency and building a skilled workforce ◆ Developed innovative products that are socially and environmentally responsible and have zero ozone depleting substances, low global warming potential (GWP), recyclability and low carbon footprint ◆ 151 patents granted till date ◆ Earnings per share ₹ 42.20 	 <p>Customer Advocacy</p>
 <p>Regulatory</p>				
 <p>Sustainability including ESG</p>	<p>Corporate Governance</p>	<ul style="list-style-type: none"> ◆ Focus on creating an ecosystem which promotes effective decision-making, accountability and financial prudence ◆ Encourages an ethics-driven culture of accountability and responsibility for all activities with the integration of sustainability into its decision-making processes to create value ◆ Constant identification, assessment, monitoring and mitigation of risks to achieve business objectives ◆ Focus on robust internal control system and proactive response strategy towards identified risks 	<ul style="list-style-type: none"> ◆ No fines levied or non-compliance with respect to environmental and social aspects ◆ Continued to collaborate with industry associations to benefit the industry and society at large ◆ Continued to identify and manage existing as well as emerging risks through the robust risk management framework, integrated with the company strategy and planning 	 <p>Innovation and Technology Leadership</p>
				 <p>Environment and Social Responsibility</p>