

RISK MANAGEMENT POLICY GOKALDAS EXPORTS LIMITED

BACKGROUND

Section 134(3) of the Companies Act, 2013 (The “Act”) requires the Board of Directors of a Company, as part of the Board’s Report, to give a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

Additionally, Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 necessitates the constitution of Risk Management Committee to the top 1000 listed entities on the basis of market capitalization as the end of the immediate preceding financial year and Regulation 4(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to the responsibility of the Board of Directors focuses on the Board maintaining appropriate systems of control, in particular, systems for risk management.

This document lays down the framework of Risk Management at Gokaldas Exports Limited (hereinafter referred to as the ‘Company’) and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. The Board of Directors of the Company have formed a Risk Management Committee to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

OBJECTIVE

The objective of Risk Management at Company is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise-wide risk management framework is to be applied so that effective management of risks is an integral part of the business.

Strategic Objectives

1. Providing a framework that enables future activities to take place in a consistent & controlled manner.
2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.
3. Contributing towards more efficient use/ allocation of resources within the organization.
4. Protecting and enhancing assets and company image.
5. Reducing volatility in various areas of the business.
6. Developing and supporting people and knowledge base of the organization.
7. Optimizing operational efficiency.

COMMITTEE MEMBERSHIP, MEETINGS AND ROLE

The Risk Management Committee shall be appointed by and will serve at the discretion of the Board.

Committee Membership

The Risk Management Committee shall consist of minimum three members with majority of them being members of the board of directors, including at least one independent director. The Chairperson of the

Risk Management Committee shall be member of the of the Board of Directors and senior executives of the listed entity may be members of the committee.

Meetings and Quorum

The risk management committee shall meet at least twice in a year and not more than one hundred and eighty days shall elapse between any two consecutive meetings

The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

Role

a. Board of Directors

The Board, through the Audit Committee shall oversee the establishment and implementation of an adequate system of risk management across the company. Board shall comprehensively review the effectiveness of the company's risk management system on an annual basis.

b. Audit Committee

The Audit Committee would review on Bi-Annually, the risk assessment & minimization procedures across the Company after review of the same by the Risk Management Committee. The Audit Committee will assist the Board in independently assessing the compliance with risk management practices. It will also act as a forum to discuss and manage key risks.

c. Risk Management Committee

The role of the committee shall, inter alia, include the following:

- (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

(7) The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors. The role and responsibilities of the Risk Management Committee shall include such other items as may be prescribed by applicable law or the Board in compliance with applicable law, from time to time.

RISK

Risk identification: To identify organization's exposure to uncertainty. Risk may be classified in the following:

Risk Category	Description	Mitigation Measures
Market Risks	<ul style="list-style-type: none"> Market Strategy, Organizational Growth- Market Penetration, Market share, loss of reputation Disruptive Technologies Economic condition of the market, Global recession 	<ul style="list-style-type: none"> Tracking micro and macroeconomic level data, market trends and forecasts Keeping a track on global and domestic economy, climatic conditions, geo-political factors, global demand and supply, trade policies etc.
Strategic Risks	<ul style="list-style-type: none"> Environmental Issues Uncertainty surrounding political leadership in Domestic and International markets Consistent Revenue growth Cost Optimization 	<ul style="list-style-type: none"> Reviewing and monitoring the country's textile related industrial, labour and other related policies and involvement in representative industry-bodies Focus on efficient operations of environment protection system and equipment. The Company will strive to increase operational efficiency and continue to take initiatives to move up the quality control scale besides cost reduction and cost control initiatives
Operational Risks	<ul style="list-style-type: none"> Manpower retention Disaster Management and Data security Inefficient working capital management 	<ul style="list-style-type: none"> Proper training and development, incentives, and reward system for employees at all levels. Proper systems in relation to maintenance of inventories of raw

	<ul style="list-style-type: none"> Risks of commission or omission 	<p>materials, consumables to ensure their availability for planned production programmes.</p> <ul style="list-style-type: none"> Selection of technology, standardization of processes, clear SOPs, training, upkeep of assets etc.
Compliance Risks	<ul style="list-style-type: none"> Ensure stricter adherence to laws/ rules/ regulations/ standards Adherence to company Policies and Procedures 	<ul style="list-style-type: none"> Regular tracking of amendments and changes in laws, regulations and standards applicable to the company.
Financial and Reporting Risks	<ul style="list-style-type: none"> Volatility in Currency, funding & Credit risk Maintaining high standards of Corporate Governance and public disclosures 	<ul style="list-style-type: none"> The Company is committed to maintaining high standards of corporate governance and public disclosure and to comply with evolving laws, regulations, and standards.
Other Risks	<ul style="list-style-type: none"> Events like Floods, earthquake, accidents, spillage, strikes, Epidemic/ pandemic 	<ul style="list-style-type: none"> Insurance cover taken by the company Periodic inspection of the premises and operations by the quality and factory admin team Vaccination of employees and staff in case of Pandemic. Health safety and security in terms of Medical facilities to employees and staff.

Risk Evaluation:

After risk analysis, comparison of estimated risks against organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk to be accepted or treated.

Risk Estimation:

Can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

Impact level on performance/profit – Both Threats and Opportunities

Reporting

1. Risk Management Committee

2. Board of Directors

Risk Treatment

Treatment of Risk through the process of selecting and implementing measures to mitigate risks. To prioritize risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/ mitigation and extends to **risk avoidance, risk transfer (insurance), risk financing, risk absorption** etc. for

- a) Effective and efficient operations
- b) Effective Internal Controls
- c) Compliance with laws & regulations

Risk Treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

REVIEW

This policy shall evolve by review by Board from time to time as may be necessary.

AMENDMENTS

This policy may be amended subject to the approval of Board of Directors, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.

DISCLAIMER CLAUSE

The Management cautions that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.