

RISK MANAGEMENT POLICY GOKALDAS EXPORTS LIMITED

BACKGROUND

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. It seeks 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

REGULATORY

Risk Management Policy is framed as per the following regulatory requirements:

A. COMPANIES ACT, 2013

1. Provisions of the Section 134(3)

There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—

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.

2. Section 177(4) stipulates:

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—

- evaluation of internal financial controls and risk management systems.

3. SCHEDULE IV Section 149(8)]

Code for Independent Directors: help in bringing an Independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

A. Clause 49

Risk Management

- A. The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.
- B. Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
- C. Company through its Board of Directors shall constitute a Risk Management Committee. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit **(Not Applicable to our Company at present-applicable to top 100 listed companies)**
- D. The majority of Committee shall consist of members of the Board of Directors.
- E. Senior executives of the company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors.

POLICY

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

1. Strategic
2. Operational
3. Financial
4. Hazard

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 is accepting or treating.

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 (After it gets formed)
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.

ROLE OF AUDIT COMMITTEE

The following shall serve as the Role and Responsibility of the Audit Committee authorized to evaluate the effectiveness of the Risk Management Framework:

- A. Review of the strategy for implementing risk management policy
- B. To examine the organization structure relating to Risk management. Evaluate the efficacy of Risk Management Systems – Recording and Reporting
- C. To review all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management Policy and relevant regulatory guidelines
- D. To define internal control measures to facilitate a smooth functioning of the risk management systems
- E. Ensure periodic review of operations and contingency plans and reporting to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems.

REVIEW

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