



# **GHCL TEXTILES RISK MANAGEMENT POLICY**



**GHCL Textiles Limited**



# GHCL Textiles Risk Management Policy

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Doc. No. RMP/01

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Revision No. 01

Publish Date: 24-Jan-23



## GHCLTEXTILES's

### RISK MANAGEMENT POLICY [Regulation 21 of SEBI Listing Regulations, 2015]

#### 1. Introduction

Risk Management is an integral part of the Company's plans and operations. While GHCL Textiles Limited has a proven ability to successfully take on challenges, the efforts are to become even more proactive in recognizing and managing risks, through an organized framework. The Company recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives. SEBI has mandated that Regulation 21 which deals with the provisions related to Risk Management Committee shall be applicable to top 1000 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year. The Company hereby adopt this policy on voluntary basis.

#### 2. Definitions

This policy defines the following key terms:

- a. **Risk** is defined as the chance of a future event or situation, happening, that will have an impact upon the Company's objectives, favorably or unfavorably. It is measured in terms of consequence and likelihood.
- b. **Risk Management** encompasses risk assessment, plus the evaluation of risks, against established tolerances, their treatment and monitoring.

#### 3. Risk Management Committee

The Company, through its Board of Directors, shall constitute a Risk Management Committee, consisting of majority of Board members. 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 such function shall specifically cover cyber security<sup>1</sup>.

The majority of Committee shall consist of members of the Board of Directors. Senior executives of the Company may be members of the said committee but Chairman of the committee shall be member of the Board of Directors<sup>2</sup>.

#### **4. Methodology**

The Company applies Risk Management in a well-defined, integrated framework, which promotes awareness of risks and an understanding of the Company's risk tolerances. The Risk Management Committee monitors the internal control system, designed to identify, assess, monitor and manage risks, associated with the Company.

The Risk Management Framework enables an orderly approach to risk identification and minimization of the Company's losses, leverage of any opportunities and provides treatment strategies to manage transfer and avoid various risks.

#### **5. Scope**

The GHCL Textiles Risk Management Policy and Risk Management Framework have been developed to include the following key categories:

- (a) Domestic Business
- (b) International Business
- (c) Distribution/collection/debtors
- (d) Personnel Risks
- (e) Financial Risks including forex
- (f) Intellectual Property Rights Protection
- (g) Human resources
- (h) Business Processes & Systems

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<sup>1</sup> According to Regulation 21(4) of SEBI Listing Regulations, 2015.

<sup>2</sup> According to Regulation 21 (2) & (3) of SEBI Listing Regulations, 2015.



- (i) Hazardous Operations
- (j) Product Liability
- (k) International Accreditation Compliance
- (l) Corporate Governance and Compliance
- (m) Cyber & Information Security
- (n) Pollution Risks
- (o) Any other risks

## 6. Responsibilities

The Board is ultimately responsible for identifying and assessing the nature and extent of internal and external risks that may impact GHCL Textiles Limited in achieving its strategic objectives. The Board is responsible for determining the Company's risk appetite, overseeing the development and implementation of the Risk Management Framework and maintaining an adequate monitoring and reporting mechanism.

The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issue of Risk Management. They shall satisfy themselves that the systems of risk management are robust and defensible<sup>3</sup>.

The Internal Audit program must be aligned with the Company's risk profile and is responsible for providing independent assurance, in relation to the effectiveness of processes, to manage particular areas of risk. The scope of Internal Audit's risk-based program is agreed to as part of an annual plan, which is refined, as necessary.

## 7. Reporting

The Risk Management Committee will, periodically, review the various risks associated with the Company and report the same to the Audit Committee and the Board of Directors, from time to time.

## 8. Amendments

Any subsequent amendment / modification in the Listing Regulation and / or other applicable laws in this regard shall automatically apply to this Policy.

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<sup>3</sup> According to Schedule IV [Code for Independent Directors] of Companies Act, 2013

