GB LOGISTICS COMMERCE LIMITED

(B-3, Saptak Plaza Shivaji Nagar, Shankar Nagar, Nagpur-440010)
CIN U63030MH2019PLC334896

RISK MANAGEMENT POLICY

Approved by Board of Directors at its meeting held on 16th December , 2023.

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1. BACK GROUND

Mr. Kashyap is a authorized marketing agent & applicator for GB Logistics Commerce Limited. With an association with Logistics Business for more than a decade we have been a reputed name in the business of Logistics.

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives.Risk is measured in terms of consequences and likelihood. Risks can be internal andexternal and are inherent in all administrative and business activities. Every memberof any organisation continuously manages various types of risks. Formal andsystematic approaches to managing risks have evolved and they are now regardedeas good management practice also called as Risk Management.

'Risk Management' is the identification, assessment, and prioritization of risksfollowed by coordinated and economical application of resources to minimize,monitor, and control the probability and/or impact of uncertain events or to maximizethe realisation of opportunities. Risk management also provides a system for thesetting of priorities when there are competing demands on limited resources.Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realised.

In today's challenging and competitive environment, strategies for mitigating inherentrisks in accomplishing the growth plans of the Company are imperative. Thecommon risks inter alia are: Regulations, competition, Business risk, Technologyobsolescence, return on investments, business cycle, increase in price and costs,limited resources, retention of talent, etc.

2. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The new Companies Act, 2013 and the Clause 49 ofthe Equity Listing Agreement have also incorporated various provisions in relation toRisk Management policy, procedure and practices.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that theBoard's Report should contain a statement indicating development andimplementation of a risk management policy for the Company including identificationtherein of elements of risk, if any, which in the opinion of the Board may threaten theexistence of the Company.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require thatevery Audit Committee shall act in accordance with the terms of reference specifiedin writing by the Board which shall inter alia include evaluation of risk managementsystems.

In line with the above requirements, it is therefore, required for the Company toframe and adopt a “Risk Management Policy” (this Policy) of the Company

3. PURPOSE AND SCOPE OF THE POLICY

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the Company’s business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.

- To establish a framework for the company’s risk management process and to ensure its implementation.

- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

- To assure business growth with financial stability.

4. DEFINITIONS

- **Risk**
  Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization’s business objectives. The exposure to the consequences of uncertainty constitutes a risk.

- “**Risk Assessment**” –
  The systematic process of identifying and analyzing risks. RiskAssessmentconsists of a detailed study of threats and vulnerability and resultant exposure tovarious risks

- “**Risk Event / Trigger Point”**
  Risk Event / Trigger Point can be defined as a discreet occurrence that negatively affectsstrategy, decision and process and results in a pecuniary loss.

- **“Process”**
  Process would mean series of actions or steps taken to achieve an end. All processesindividually and severally shall cover all business activities for each of the risk assessment function.

- **“Risk Strategy”**
  The Risk Strategy of a company defines the company’s standpoint towards dealing withvarious risks associated with the business. It includes the company’s decision on the risktolerance levels, and acceptance, avoidance or transfer of risks faced by the company.

- **“Risk Estimation”**
  Risk Estimation is the process of quantification of risks.

- **Risk Management**
  Risk Management is the process of systematically identifying, quantifying, mitigatingand managing all risks and opportunities that can affect achievement of a corporation’sstrategic and financial goals.

5. APPLICABILITY

This Policy applies to all areas of the Company’s operations.

6. RISK FACTORS

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

a) EXTERNAL RISK FACTORS

- **ECONOMIC ENVIRONMENT AND MARKET CONDITIONS**
- **COMPETITION**
- **POLITICAL ENVIRONMENT**
- **REVENUE CONCENTRATION AND LIQUIDITY ASPECTS-**
  Each business area of products such as various types of paint, servicerelated to paint, turnkey projects has specific aspects on profitability and liquidity. The risks are therefore associated on each business segment contributing to total revenue, profitability and liquidity. Since the projects have inherent longer time-frame and milestone payment requirements, they carry higher risks for profitability and liquidity.

- **INFLATION AND COST STRUCTURE-**
  Inflation is inherent in any business and thereby there is a tendency of costs going higher. Further, the project business, due to its inherent longer timeframe, as much higher risks for inflation and resultant increase in costs.

- **TECHNOLOGY OBSOLESCENCE–**
  The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.

- **LEGAL**
  Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk.

- **FLUCTUATIONS IN FOREIGN EXCHANGE-**

The Company has limited currency exposure in case of sales, purchases andother expenses. It has natural hedge to some extent. However, beyond thenatural hedge, the risk can be measured through the net open position i.e. thedifference between un-hedged outstanding receipt and payments. The riskcan be controlled by a mechanism of “Stop Loss” which means the Companygoes for hedging (forward booking) on open position when actual exchangerate reaches a particular level as compared to transacted rate.

b) **INTERNAL RISK FACTORS**

- Project Execution
- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources
- Quality Assurance
- Environmental Management
- Human Resource Management
- Culture and values

7. RESPONSIBILITY FOR RISK MANAGEMENT

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

8. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directorshas the responsibility for over viewing management’s processes and results inidentifying, assessing and monitoring risk associated with Organisation’s businessoperations and the implementation and maintenance of policies and controlprocedures to give adequate protection against key risk. In doing so, the SeniorExecutive considers and assesses the appropriateness and effectiveness ofmanagement information and other systems of internal control, encompassingreview of any external agency in this regards and action taken or proposed resulting from those reports.

9. REVIEW

This Policy shall be reviewed at least every year to ensure it meets the requirementsof legislation and the needs of organization.

10. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.