RISK MANAGEMENT POLICY

(In Accordance with regulation 17 and 21 of SEBI (Listing Obligations and Disclosure Requirement), 2015)
(Approved by the Board of Directors of the Company in its meeting dated 12th August., 2021)

1. Genesis

As per Clause (n) Sub Section (3) of Section 134 of the Companies Act, 2013, a Company is required to 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.

The Securities and Exchange Board of India, "the SEBI" has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "SEBI (LODR) Regulations" vide notification SEBI/LAD/NRO/GN/2015-16/013 dated 2nd September, 2015, which was effective from 2nd December, 2015.

Regulation 17 of the SEBI (LODR) Regulations *inter alia* provides the board of directors of the Company shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

SEBI vide its notification vide SEBI/LAD/NRO/GN/2021/22 dated 5th May, 2021 in exercise of its power conferred under Sec 11A and 30 of the Securities and Exchange Board of India Act, 1992 read with Sec 31 of the Securities Contracts (Regulation) Act, 1956 amended Sub regulation 5 of Regulation 21 and makes it mandatory for the top 1000 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year shall constitute Risk Management Committee.

The Company being listed on the BSE and as per market captilisation list as on 31 March , 2021 the Company is within top 1000 listed entities.

Accordingly, **GRM Overseas Limited,** (the "Company") to mitigate and manage risk has formulated the policy (the "Risk Management Policy").

This Policy shall be under the authority of the Board of Directors of the Company.

The Policy seeks to identify risks inherent in the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

2. Objective

The objective of the Risk Management Policy of the Company is to create and protect shareholders value by minimizing threats or losses and identifying and maximizing opportunities.

This Risk Management Policy is being applied in order to ensure that effective management of risks is an integral part of every employee's job.

These include:

a) Providing a framework, that enables future activities in a consistent and controlled manner to mitigate ERM and IFC risks, including cyber security;
b) Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
c) Contributing towards more efficient use/ allocation of the resources within the organization;
d) Protecting and enhancing assets and company image;
e) Reducing volatility in various areas of the business;

f) Developing and supporting people and knowledge base of the organization;
g) Optimizing operational efficiency.

3. Applicability

This Policy shall come into force with effect from 12th August, 2021.

4. Definition

In this Policy, unless the context otherwise requires:

"**Audit Committee or Committee**" shall mean Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations.

"**Company**" shall mean **"GRM Overseas Limited"**, a Company constituted under the provisions of Companies Act, 1956.

"**Board of Directors**" or "**Board**" shall mean the collective body of Directors of the Company as per Section 2(10) of the Companies Act, 2013.

"**Policy**" shall mean the Risk Management Policy of the Company.

"**Year**" shall mean the financial year of the Company.

5. Constitution of Risk Management Committee and Conduct

The Board of Directors in is meeting held on12th August., 2021 has constituted a Risk Management Committee as prescribed under SEBI (LODR) Regulations consisting of the following members.

Sl	Name of the Member	Category	Designation
1.	Shri. Raj Kumar Garg	Independent	Chairman
2.	Shri. Gautam Gupta	Independent	Member
3.	Smt. Nidhi	Independent	Member

The Committee shall have minimum three members with majority of them being members of the board of directors including atleast one independent director.

i. The Chairperson of the Risk Management Committee shall be a member of the board of directors and senior executives of the Company may be members of the committee.

ii. The Risk Management Committee shall meet atleast twice in a year. The gap between two meetings shall not be more than one hundred and eighty days.

iii. 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.

iv. The Company Secretary of the Company shall act as Secretary of the Risk Management Committee.

The Committee's roles and responsibility shall be as under:

a) formulate a detailed risk management policy including framework for identification of internal and external risks, measures for mitigation of risks, systems and processes for internal controls and business continuity plan.

b) ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

c) monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management system.

d) appointment, removal and terms of remuneration of the Chief Risk Officer

6. Risk Management Framework

The Board and Audit Committee are required to play following roles governing Risk Management:

1. The Board's role to ensure framing, implementing and monitoring risk management plan, having in place, systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased approach during the Board's deliberations on making risk management systems very strong and effective.

2. The Audit Committee's role is to evaluate the risk management systems.

3. This policy shall complement and supplement other policies of the Company in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are being effectively mitigated.

7. Broad Principles

The Board is required to review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analysing and mitigating all the material risks, both external and internal including but not limited to the following:

- Environmental, Social, and Governance (ESG);
- Business;
- Operational;
- Cyber threats;
- Financial;
- Political and;
- Others.

Communication of Risk Management Strategy to various levels of the management for effective implementation in the Company.

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.

8. Identification and Risk Analysis

Risk Identification is obligatory on all vertical and functional heads who with the inputs from their team members are required to report the material risks to the Chairman and Managing Director and Whole time directors of the Company along with their considered views and recommendations for risk mitigation.

Analysis of all the risks thus identified shall be carried out by the Managing Director of the Company through participation of the vertical/functional heads and a preliminary report shall be placed before the Risk Management Committee.

The following steps to be taken:

Risk identification:

To identify organization's exposure to uncertainty, risks may be classified in the following:

Environmental Social, and Governance (ESG);
Strategic
Business;
Operational;
Cyber;
Financial;
Political and;
Others.

Risk Description:

To display the identified risks in a structured format.

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:

It 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. Internal Reporting

   a) Risk Management Committee
   b) Board of Directors
   c) Vertical Heads
   d) Individuals

2. External Reporting

   a) To communicate to the stakeholders on regular basis as part of CorporateGovernance.

Development of Action plan

The Committee shall not only assist in implementation of the Risk Management Plan of the Board but also monitor its implementation and review.

The members of the Risk Management Committee shall discharge the role of and their collective suggestions to the Board for periodic updation of the Risk Management Plan.

The Risk Management Committee shall critically examine the report of the Managing Director and each identified risk shall be assessed for its likely impact *vis- a- vis* the resources at the Company's disposal.

Guidelines to deal with the risks

Business Plan including Capital Expenditure and Fund Flow Statement for each segment together with SWOT analysis, data on Production Planning, Materials Management, Sales& Distribution, Delivery Schedules, Assets, Accounts Receivables and Payables as well asRegulatory Regime applicable shall be reviewed in the light of the material risks identified. Through deliberations of the Committee a comprehensive plan of action to deal with the risks shall be developed and guidelines flowing from such plan shall be communicated to the employees concerned for mitigation of the risks.

9. Board Approval

The Action Plan and guidelines decided by the Risk Management Committee shall be approved by the Board before communication to the Key Managerial Personnel for implementation.

The Board shall approve the risk management (including risk treatment) strategy,control structure and policy guidelines and delegate authority and accountability for risk management to the Company's executive team.

10. Risk Mitigation

Risk mitigation includes the process of selecting and implementing measures to mitigaterisks and 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 eachstage to ensure smooth achievement of the objective.

Illustration

- ✓ **Forex and exchange risk.** The Company be do hedging as well as seek expert advice.
- ✓ **Seasons** play an important role in Company production cycle and to safeguard the Company may do proper forecasting of sales and plan accordingly.

- ✓ **Regulatory** is also an inherent risk as such the Company may have robust compliance tools, periodic internal audit and monthly as well as quarterly review.
- ✓ **Cyber threats** is a new threat and as such inhouse cyber, firewalls, proper training) etc would mitigate risk.

11. Risk Registers

Risk registers shall be maintained showing the risks identified, treatment prescribed, persons responsible for applying treatment and status after the treatment etc.

Risk Managers and Risk Officers to be identified for proper maintenance of the risk registers which will facilitate to report of the effectiveness of the risk treatment to the Risk Management Committee, Audit Committee and the Board.

The Board shall have the discretion to deal with certain risks (may be called key or highly sensitive risks) in the manner it may deem fit. Mitigation of such highly sensitive/key risks and effectiveness of their mitigation measures and review of the strategy may be directly discussed by the Board members with Audit Committee.

12. Role of Audit Committee

The following shall serve as the role and responsibility of the Audit Committeeauthorized to evaluate the effectiveness of the risk management framework:

a) Evaluation of internal financial controls and risk management systems;

b) Review of the strategy for implementing risk management policy;

c) To examine the organization structure relating to Risk management;

d) Evaluate the efficacy of Risk Management Systems – Recording and Reporting;

e) To review all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management Policy and relevant regulatory guidelines;

f) To define internal control measures to facilitate a smooth functioning of therisk management systems;

g) 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.

13. Integration of Risk Management Strategy

The risk management strategy of the Company is to be integrated with the overall business strategies of the organization and its mission statement to ensure that its risk management capabilities aide in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

14. Penalties

The penalties are prescribed under the Companies Act, 2013 under various sections which stipulate having a Risk Management Framework in place and its disclosure.

Section 134 (8) (dealing with disclosure by way of attachment to the Board Report). If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.

There are other provisions of the Companies Act, 2013 as well as Securities and Exchange Board of India Act, 1992 which stipulate stiff penalties. Therefore, this Policy prescribes that violation of the provisions applicable to Risk Management Framework is something the Company cannot afford to risk.

15. Review

This policy shall be reviewed and amended as may be required by the Risk Management Committee and the Board of Directors from time to time as may be necessary.

This Policy will be communicated to all vertical/functional heads and other concernedpersons of the Company.