
RISK MANAGEMENT POLICY

(Framed under Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of the SEBI (LODR) Regulations, 2015)

1. PREAMBLE

This Risk Management Policy (the “**Policy**”) lays down the framework for identification, assessment, monitoring, mitigation and reporting of risks at Gujarat Terce Laboratories Limited (the “**Company**”). The Policy operates under the authority of the Board of Directors of the Company. It seeks to identify the risks inherent in the business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

2. OBJECTIVE

The objective of risk management at the Company is to create and protect shareholder value by minimising threats or losses and identifying and maximising opportunities. An enterprise-wide risk management framework is applied so that effective management of risks is an integral part of every employee’s responsibilities. In particular, the Policy aims at:

- providing a framework that enables future activities to take place in a consistent and controlled manner;
- improving decision-making, planning and prioritisation through a comprehensive and structured understanding of business activities, volatility and opportunities or threats;
- contributing towards more efficient use and allocation of resources within the organisation;
- protecting and enhancing the assets and image of the Company;
- reducing volatility across the various areas of the business;
- developing and supporting the people and knowledge base of the organisation; and
- optimising operational efficiency.

3. REGULATORY FRAMEWORK

This Policy is framed in compliance with the following principal requirements, as amended from time to time:

- **Section 134(3)(n), Companies Act, 2013** — the Board’s report must include a statement indicating the development and implementation of a risk management policy, including identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.
- **Section 177(4)(vii), Companies Act, 2013** — the terms of reference of the Audit Committee include evaluation of internal financial controls and risk management systems.
- **Schedule IV, Companies Act, 2013** — independent directors are to bring independent judgment on issues of risk management and to satisfy themselves that the systems of risk management are robust and defensible.

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- **Regulation 17(9), SEBI (LODR) Regulations, 2015** — the Board shall lay down procedures to inform its members about risk assessment and minimisation procedures, and shall be responsible for framing, implementing and monitoring the risk management plan, which it shall review periodically.

Regulation 21 of the SEBI (LODR) Regulations, 2015 requires the constitution of a separate Risk Management Committee only by the top 1000 listed entities by market capitalisation determined as on 31 March of every financial year. The Company does not fall within the said top 1000 listed entities and is therefore **not** required to constitute a Risk Management Committee. Accordingly, the functions of risk oversight are discharged by the Audit Committee and the Board of Directors. This position shall be reviewed annually with reference to the Company's market-capitalisation ranking, and a Risk Management Committee shall be constituted if and when Regulation 21 becomes applicable.

4. ROLE OF THE AUDIT COMMITTEE AND THE BOARD

Audit Committee

The role of the Audit Committee in relation to risk management shall include:

- evaluation of internal financial controls and risk management systems;
- review of the strategy for implementing the risk management policy;
- examination of the organisation structure relating to risk management;
- evaluation of the efficacy of risk management systems;
- review of all hedging strategies and risk-treatment methodologies for compliance with this Policy and relevant regulatory guidelines;
- defining internal control measures to facilitate the smooth functioning of the risk management systems; and
- ensuring periodic review of operations and contingency plans, and reporting to the Board to counter the possibility of adverse factors bearing on the risk management systems.

Board of Directors

- The Company shall lay down procedures to inform the Audit Committee and Board members about the risk assessment and minimisation procedures.
- The Board shall be responsible for framing, implementing and monitoring the risk management plan, and shall review it periodically.

5. RISK MANAGEMENT PROCESS

Risk management involves reviewing the operations of the organisation, identifying potential threats and the likelihood of their occurrence, and taking appropriate action to address the most likely threats. The process comprises identifying the risks to which the Company is subject, deciding how to manage them, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate corrective action.

Risk Identification

To identify the Company's exposure to uncertainty. Risks may be classified as:

- Strategic;
- Operational;
- Financial;
- Hazard; and
- Information security / cyber risk.

Risk Description

Each identified risk is to be displayed in a structured format capturing: name of risk; scope and qualitative description of events (size, type, number); nature of risk; quantification of significance and probability; risk tolerance / appetite and the loss potential and financial impact; risk treatment and control mechanism (primary means, level of confidence, monitoring and review); potential action for improvement; and the function responsible for strategy and policy development.

Risk Evaluation and Estimation

Following analysis, estimated risks are compared against the organisation's risk criteria to decide on the significance of each risk and whether it is to be accepted or treated. Estimation may be quantitative, semi-quantitative or qualitative, expressed in terms of the probability of occurrence and possible consequences, and the impact on performance or profit — covering both threats and opportunities.

6. IDENTIFICATION OF RISK AND ANALYSIS

The Board / Audit Committee reviews the business plan at regular intervals and develops the Risk Management Strategy, laying down guiding principles for proactive planning to identify, analyse and mitigate all material risks, both external and internal — environmental, business, operational, financial, political, information-security and others. Communication of the Risk Management Strategy to the various levels of management is essential for effective implementation.

Risk identification is obligatory on all vertical and functional heads, who, with inputs from their team members, report material risks to the Board of Directors along with their considered views and recommendations for mitigation. Analysis of the risks so identified is carried out by the Chairman and Managing Director or the Whole-Time Director through the participation of the vertical / functional heads, and a preliminary report so finalised is placed before the Audit Committee or the Board.

7. RISK FACTORS

The objectives of the Company are subject to both external and internal risks, enumerated below.

External Risk Factors

- Economic environment and market conditions;
- Political environment;
- Competition;

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- Inflation and cost structure — inflation is inherent in business, with a tendency for costs to rise over time;
 - Technology obsolescence — evaluated on a continual basis, with necessary investments made to adopt the best prevailing technology;
 - Legal — the Company is governed by various laws and is exposed to legal action in the course of conducting its business; and
 - Information security / cyber risk — threats to the confidentiality, integrity and availability of the Company's information and systems.

Internal Risk Factors

- Project execution;
- Contractual compliance;
- Operational efficiency;
- Hurdles in optimum use of resources;
- Quality assurance;
- Environmental management;
- Human resource management; and
- Culture and values.

8. RISK TREATMENT

Risk treatment is the process of selecting and implementing measures to mitigate risks, prioritising risk-control actions by their potential to benefit the organisation. It includes risk control / mitigation and extends to risk avoidance, risk transfer (insurance), risk financing and risk absorption, directed towards:

- effective and efficient operations;
- effective internal controls; and
- compliance with applicable laws and regulations.

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

9. REPORTING

Internal Reporting

- Board of Directors and Audit Committee;
- Vertical heads; and
- Individuals.

External Reporting

- Communication to stakeholders on a regular basis as part of corporate governance, including the statement in the Board's report required under Section 134(3)(n).

10. BOARD APPROVAL AND DELEGATION

The action plan and guidelines 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 shall delegate authority and accountability for risk management to the Company's executive team.

11. REVIEW AND AMENDMENT

This Policy shall be reviewed by the Audit Committee and the Board at least once annually, and otherwise as and when considered necessary. It shall be communicated to all vertical / functional heads and other concerned persons of the Company. This Policy may be amended or substituted by the Audit Committee or the Board as and when required, and by the Compliance Officer where any statutory change necessitates a change in the Policy. It shall stand automatically amended to the extent of any amendment, modification or re-enactment of the applicable provisions of the Companies Act, 2013 or the SEBI (LODR) Regulations, 2015. In the event of any inconsistency between this Policy and the applicable law, the provisions of such law shall prevail.

Effective date: This Policy, as revised, has been adopted by the Board of Directors and is effective from 29 May 2026, in supersession of the earlier Risk Management Policy of the Company.

Last amended: 29 May 2026

Version: 2.0
