GK Energy Limited

(Formerly known as GK Energy Private Limited, GK Energy Marketers Private Limited)

Registered Office: Office No. 1901, Tower A, Gokhale Business Bay, Plot No. A6 A7,
Sr. No. 20/2, Paschimnagri, Kothrud, Pune, Maharashtra - 411038
Corporate Identity Number: L74900PN2008PLC132926
Website: www.gkenergy.in

RISK MANAGEMENT POLICY

RISK MANAGEMENT POLICY

1. PREAMBLE

Section 134(3)(n) of the Companies Act, 2013 requires that the report by the Board of Directors laid at the general meeting shall include a statement on the development and implementation of a risk management policy for the Company. Section 177(4)(vii) of the Companies Act, 2013 provides that Audit Committee shall evaluate the internal financial controls and risk management systems of the Company.

Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") prescribes the requirements relating to the constitution, role and responsibilities of the Risk Management Committee ("RMC") for listed entities to which the regulation applies, and provides that top 1000 listed Companies by market capitalization shall constitute a RMC to monitor and review the risk management plan.

Progressive organizations need to take new initiatives, which often come along with certain risks. Additionally, the increasingly dynamic external environment presents risks to the existing business. To navigate through the likely business risks, **GK Energy Limited** (the "Company") has formulated a structured risk management process. The key objectives of this Risk Management Policy are:

a) Identification and categorization of potential internal and external risks.

b) Assessment and measurement of the identified risk.

c) Mitigation plans for the risks.

d) Report identified risks, their assessment, mitigation plan, risk appetite to the RMC and other relevant stakeholders.

e) establishment of clear accountability for risk ownership, monitoring, mitigation and escalation

The Risk Management Policy aims to cover, amongst others, the following key areas/ risks which will form part of the Risk Register.

2. OBJECTIVE:

The objective of Risk Management at GK Energy Limited is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise-wide risk management framework is applied so that effective management of risks is an integral part of every employee's responsibility.

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 the 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.
8. Integrating risk assessment into strategic planning, project evaluation, business decisions and operational processes.

3. RISK PROFILE:

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The risk profile of the Company can be categorized as follows:

- Market-related
- Financial Reporting
- Operational
- Environmental
- Human Capital
- Sustainability
- Occupational Health & Safety
- Political
- Strategic
- Ethical Conduct
- Economic Cycle / Marketing
- Reputation
- Legal and compliance
- Technological Risk
- Cybersecurity and Information Security Risk

4. RISK MITIGATION

To ensure that the above risks are mitigated, the Company will strive to:

- Involve all functions in the overall risk identification and mitigation exercise;
- Have an objective framework to categorize risks and define the level at which it should be addressed;
- Link the risk management process to the strategic planning and internal audit process;
- Promote a culture of calculated risk taking to identify new initiatives coupled with thoughtful risk mitigation approach;
- Formalize a transparent risk information system across the organization with structured templates.

5. RISK MANAGEMENT COMMITTEE AND THE GOVERNANCE FRAMEWORK

i. BOARD OF DIRECTORS

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company. The Board shall also disclose in the Board's Report the progress regarding development and implementation of a Risk Management Policy for the Company, including identification therein of elements of risk, if any, which may threaten the existence of the Company.

The Board shall review the risk management framework and consider the recommendations of the RMC and other relevant Committees, as applicable.

ii. AUDIT COMMITTEE

In terms of provisions of Section 177(4)(vii) of the Companies Act, 2013 the Audit Committee shall evaluate the internal financial controls and risk management systems of the Company.

iii. RISK MANAGEMENT COMMITTEE

The RMC shall periodically review and evaluate the Risk Management Policy and practices for risk assessment and mitigation and oversee implementation of the Risk Management Policy.

The role of the RMC shall, inter alia, include the following:

1. To formulate a detailed Risk Management Policy which shall include:

   a) A framework for identification of internal and external risks specifically faced by the Company, in particular financial, operational, sectoral, sustainability (particularly ESG-related risks), information, cybersecurity risks or any other risk as may be determined by the Committee.

   b) Measures for risk mitigation, including systems and processes for internal control of identified risks.

   c) A Business Continuity Plan to address potential disruptions to the Company's critical business operations.

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

3. To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems.

4. To periodically review the Risk Management Policy at least once in two years, including by considering changing industry dynamics and evolving complexity of risks.

5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.

6. Where a Chief Risk Officer is appointed, the appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the RMC, in accordance with applicable laws and regulations.

6. RISK CONTROLLING

Risk controlling involves monitoring the implementation and progress of agreed actions, re-evaluation, and compliance with decisions. The cost of controlling a risk may be taken into account in determining what is reasonably practicable and should not be used as a reason for doing nothing.

In order to ensure that the implemented control measures remain effective, the following points should be considered:

- Clear accountability of responsibilities
- Effective communication of risk controls
- Regular review of proposed procedures
- Up to date training

- Up to date risk information and follow-up of changes in operating conditions
- Periodically review risk mitigation measures and internal controls.
- Ensure timely reporting and escalation of material risks and incidents.
- Review and test business continuity and recovery plans.
- Conduct regular employee training on risk management and cybersecurity.

The Company shall periodically monitor the status of agreed risk mitigation actions and escalate overdue or ineffective corrective measures to the appropriate management level or Committee.

The Company acknowledges that despite best efforts by all concerned to manage risks there may be situations which may need to be managed as a crisis by the top management.

The Company shall maintain and periodically review appropriate business continuity, incident response and recovery arrangements for critical business operations, having regard to the nature and scale of its activities.

7. AMENDMENTS

The Board shall review this Policy from time to time to ensure it remains consistent with the Board's objectives and responsibilities, and in accordance with applicable laws.

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding.

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

****

- Version 1.0: approved and adopted in the Board meeting held on 3rd December, 2024
- Version 2.0: approved and adopted in the Board meeting and effective from 29th October, 2026