GUFIC BIOSCIENCES LIMITED

RISK MANAGEMENT POLICY

(Amended on February 13, 2026)

1. INTRODUCTION

In today's dynamic and competitive environment, risk is an integral and unavoidable component. It becomes imperative for organizations to devise robust strategies to mitigate inherent risks and accomplish their growth plans effectively. In compliance with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("SEBI Listing Regulations"),** the Board of Directors has implemented the following policy and procedures for risk management. This document lays down the Risk Management framework at Gufic Biosciences Limited ("the Company") and defines the policy for the same. It seeks to identify risks inherent in any business 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 is to facilitate sustainable business growth and stability by implementing a structured approach and ongoing process for identifying and managing risks effectively. This process will generally involve the following steps:

- Identifying, prioritizing risks inherent in the organization's strategy (including its overall goals and appetite for risk);
- Choosing the appropriate risk management approaches;
- Implementing controls to manage the risks;
- Monitoring the effectiveness of risk management methodologies and measures;
- Learning from experiences and making improvements.
- Support business growth while maintaining financial stability.

3. DEFINITIONS

"Act" means the Companies Act, 2013, as amended from time to time and the rules made thereunder.

"SEBI Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time

"Audit Committee" means Committee of Board of Directors of the Company constituted under Section177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulation.

"Board of Directors" or "Board" in relation to a Company, means the collective Body of Directors of the Company.

"Policy" means Risk Management Policy.

''Company'' means Gufic Biosciences Limited.

"Risk" is defined as the chance of a future event or situation happening that will have an impact upon company's objective favorably or unfavorably. It is measured in terms of consequence and likelihood.

"Risk Management" encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring**.**

4. REGULATORY FRAMEWORK

Risk Management Policy is framed as per the following regulatory requirements:

4.1 Regulation 4(2)(f) (ii) of Listing Regulations

Key functions of the Board:

The Board should fulfill certain key functions, including:

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.

- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

4.2 Regulation 17 – Board of Directors:

- The Company shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures.

- The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the company.

4.3 Regulation 17(7) - Minimum Information to be placed before Board of Directors (Part A of Schedule II):

Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

4.4 Regulation 18 - Role of Audit Committee (Part C of Schedule II):

The role of the Audit Committee shall include the evaluation of internal financial controls and risk management systems;

4.5 **Section 134(3) of Companies Act, 2013:**

There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall 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.

4.6 **Section 177 (4) (vii) of Companies Act, 2013:**

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include—

evaluation of internal financial controls and risk management systems.

4.7 **Schedule IV Code for Independent Directors - Section 149(8) of Companies Act, 2013:**

Role and Functions:

The Independent Directors shall:

- help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

5. COMPOSITION OF RISK MANAGEMENT COMMITTEE:

The Risk Management Committee ("Committee") of the Company shall have a minimum of three Members with the majority of them being members of the Board, including at least one Independent Director. The Chairperson of the Committee shall be a member of the Board and senior executives of the Company may be members of the Committee. The Company Secretary shall act as the Secretary to the Committee.

6. MEETINGS:

The Committee shall meet at least twice in a financial year or as frequently as may be considered necessary by the Chairperson of the Committee. The meetings of the Risk Management Committee shall be conducted in such a manner that, on a continuous basis, not more than two hundred and ten (210) days shall elapse between any two consecutive meetings, in compliance with the provisions of the SEBI (LODR) Regulations, 2015 as amended from time to time.

7. ROLE OF RISK MANAGEMENT COMMITTEE:

As per Schedule II Part D of SEBI (LODR) Regulation following are the role to be performed by the Risk Management Committee:

- Formulation of Risk Management Policy as per the applicable laws and regulations.
- To ensure appropriate methodology, processes and systems are in place to monitor and evaluate risk associated with the business of the company.
- To monitor and oversee the implementation of risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the Risk Management Policy at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- To decide on appointment, removal and terms of remuneration of the Chief Risk Officer, if any.

- The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

8. GOVERNANCE STRUCTURE:

Along with the Risk Management Committee, the Company's Risk Management Framework is supported by the Board of Directors, Management and the Audit Committee.

Board of Directors

The Board will undertake the following actions to ensure risk is managed appropriately:

a. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;

b. Ensure that the appropriate systems for risk management are in place;

c. Participate in major decisions affecting the organization's risk profile;

d. Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;

e. Be satisfied that processes and controls are in place for managing less significant risks;

f. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;

g. Ensure risk management is integrated into board reporting and annual reporting mechanisms.

Management

a. Management is responsible for monitoring and whether appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met;

b. To assist the Board in discharging its responsibility in relation to risk management;

c. When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company' s financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks;

d. The Committee is also responsible for monitoring overall compliance with laws and regulations.

Audit Committee

a. The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company;

b. The Committee shall also be responsible for evaluation of risk management systems.

9. RISKS IDENTIFICATION AND THE MITIGATION MEASURES ADOPTED BY THE COMPANY:

Management has identified certain material risk areas where the organization is vulnerable and has outlined corresponding actions to mitigate or eliminate such risk(s). Management strives to ensure a policy of strong corporate ethics. However, the organization prioritizes robust internal systems and practices over mere legal compliance.

The respective department heads shall be responsible for identifying risk(s) impacting their areas of functioning. Furthermore, they are responsible for implementing the risk management system and reporting to the Risk Management Committee.

The following are the broad areas under which various risks may be identified as Internal and External Risks:

9.1 INTERNAL RISK

i) Business Risk:

The Company operates in a dynamic and competitive business environment and is exposed to various operational and strategic risks. In order to effectively manage such risks, the Company has adopted robust business continuity and risk mitigation measures.

a) **Concentration Risk:**

The Company derives its revenues from a diversified portfolio of products, multiple customers across geographic regions. Such diversification reduces dependency on any single product line, customer or market and helps mitigate concentration risk. Thus, the Company will endeavor to remain diversified and mitigate concentration risk.

b) **Competition Risk:**

The Company operates in a competitive market and expects competition to increase further in the future. The Company strives to meet the challenges by delighting our customers with product quality, timely supplies, best industrial practices in providing better services. Continuous innovation, operational excellence and customer satisfaction remain key priorities for sustaining competitive advantage.

c) **Price Risk:**

The Company produces and sells some products competing with numbers of players in India and abroad. Increasing competition puts pressure on our realizations. The Company regularly works on cost control, improved yields etc., to maintain our margins.

d) **International Operations Risk:**

The inherent risks in conducting business internationally include:

- Country risk or risk of region that the Company operate in, changes in political-economic conditions, law or regulatory requirements.
- Country specific tax obligations
- Trade barriers and import/export license requirement.
- Burden of complying with various foreign laws

To mitigate the above risks, the Company shall avoid high-risk countries and even if the Company does business with such countries, the Company shall minimize or hedge their risk by routing the transactions through a third party by taking appropriate insurance etc.

e) **Insurance:**

In order to reduce and mitigate identifiable risks, the Company will have various insurance covers from reputed insurance companies and will keep the Company's properties and insurable interests insured.

The Company will also cover our human resources by taking appropriate medical and accidental insurance cover.

f) **Human Capital Risk:**

Our business heavily relies on the well-being of our workforce, falling short of meeting or exceeding employee expectations could have negative consequences on employee retention, productivity, and overall business continuity.

In order to mitigate this risk, the Company focuses on Human Capital Development encompasses talent management initiatives such as talent acquisition, retention, employee development and ensuring employee well-being and satisfaction. The Company is committed to enhance employee welfare and development by ensuring a nurturing environment that appreciates their contributions and fosters personal growth. This approach fosters employee retention and attracts top talent, ultimately driving productivity, fostering innovation, and fueling long-term business growth.

g) **Occupational Health and Safety Risk:**

The Company's manufacturing and operational activities expose it to risks relating to occupational health, workplace safety, industrial accidents, fire hazards, hazardous material handling and non-compliance with applicable health, safety and environmental laws. To mitigate such risks, the Company has implemented comprehensive Occupational Health and Safety (OHS) and Environmental Health & Safety (EHS) management systems, periodic audits, safety training programs, hazard identification and risk assessment mechanisms, emergency response procedures and continuous monitoring of workplace conditions.

ii) Financial Risk:

a) Credit Risk:

b) The Company has established defined policies, Standard Operating Procedures (SOPs) and approval mechanisms relating to customer credit evaluation, credit periods and payment terms. Continuous monitoring of receivables and customer creditworthiness is undertaken to minimize exposure to bad debts and defaults. **Treasury/ Foreign Exchange Risk:**

The Company continues to expand our business globally**.** Some of our revenues and payments are in foreign exchange, which makes it crucial to monitor movements in the forex market.

Managing the risks from foreign currency rate fluctuations, interest rate fluctuations is the prime function of our finance and treasury department. The Company shall keep a close watch on forex market and its trend and review the movements regularly and hedge the risk with appropriate instruments.

c) Liquidity Risk:

The liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company strives to maintain optimum levels of liquidity to meet its cash and collateral requirements and also takes following steps to mitigate the risk:

- Maintains flexibility in funding by maintaining availability under committed facilities.
- Monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.
- Proper financial planning is put in place with detailed Annual Business Plans discussed at appropriate levels within the organization.

9.2 EXTERNAL RISK

i. Legal and Regulatory Risk:

Being engaged in the pharmaceutical industry, the Company is required to comply with stringent statutory, regulatory and contractual obligations across various jurisdictions. Non-compliance with such requirements may lead to legal liabilities, financial losses, reputational damage and disruption of business operations. The Company is exposed to risks relating to contractual obligations, litigation, frauds, judicial proceedings, insurance disputes and regulatory compliance. To mitigate such risks, the Company regularly reviews and updates its compliance processes and procedures in line with applicable laws, regulations and industry best practices. Contracts are reviewed with specific focus on liabilities, obligations, penalties and indemnity clauses and are finalized in consultation with legal professionals and advocates. Internal controls and audit mechanisms are strengthened to detect and prevent frauds and ensure compliance with applicable legal and regulatory requirements. Insurance policies are also periodically reviewed and audited to avoid future disputes and ensure adequate coverage.

ii. Cyber Security and Data Privacy Risk:

The Company recognizes cyber security and data privacy as critical areas impacting business continuity and operational integrity. Increasing digitalization and technological advancements expose organizations to cyber threats, unauthorized access and data breaches. The Company has implemented robust IT infrastructure, security controls, anti-virus systems, firewalls and monitoring mechanisms to safeguard its systems and data against cyber threats. Regular employee awareness and training programs are conducted to educate personnel on cyber security practices, data protection measures and emerging risks. Continuous monitoring and periodic assessments are undertaken to strengthen cyber resilience and ensure uninterrupted business operations.

iii. Market Risks

The Company is exposed to various market-related risks including demand and supply fluctuations, raw material price volatility, procurement challenges, supplier-related risks and interest rate movements. To mitigate such risks, the Company procures raw materials from diversified and reliable sources at competitive prices and develops alternate sourcing arrangements to ensure continuity of supply. Production and sales planning are undertaken based on market intelligence, historical trends, economic developments and competitive analysis. The Company has also implemented a defined Supplier Code of Conduct emphasizing sustainable sourcing practices, supply continuity, quality assurance and long-term business relationships. Periodic vendor audits are conducted by the Quality Assurance team to ensure compliance with quality and operational standards.

iv. Intellectual Property Risks

Protection of intellectual property forms an integral part of the Company's long-term growth strategy. Risks relating to intellectual property may arise from infringement claims, unauthorized use, contractual disputes or inadequate protection mechanisms. To mitigate such risks, the Company undertakes necessary due diligence prior to entering into commercial or development agreements and ensures that intellectual property rights and obligations are clearly defined in agreements executed with third parties.

10. RISK MANAGEMENT:

The Company recognizes that risk is an integral and unavoidable component of business and is committed to manage the risk in a proactive and effective manner.

A first step in the process of managing risk is to identify potential risks. The risks must then be assessed as to their potential severity of loss and to the probability of occurrence.

Possible actions:

Once risks have been identified and assessed, all techniques to manage the risk fall into one or more of the following categories.

- Risk avoidance: This includes not performing an activity that could carry risk, if the risk is more than the gains.

- Risk reduction: This involves steps to reduce the severity of the loss by taking some steps.

- Risk retention: Involves accepting the loss when it occurs. In other words, this falls under category of self-insurance. All risks that are not avoided or transferred are retained by default.

- Risk transfer: Means transfer of risk to another party by entering into a contract, e.g. insurance cover, hedging instruments etc.

Depending on the risk assessment, severity and probability of occurrence, company may adopt one or more of the methods to minimize or mitigate the risk.

11. BUSINESS CONTINUITY AND RISK MITIGATION PLAN:

The Head of Departments and other Senior Management Persons in the Company at organizational levels under the guidance of the Board / Audit Committee are 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.

The Company has established a compliance management system in the organization and the Company Secretary of the Company being the focal point will get the quarterly compliance reports from functional heads and place it before the Board for its perusal.

12. APPROVAL OF THE POLICY:

The Board will be the approving authority for the Company's overall Risk Management System. The Board will, therefore, approve the Risk Management Policy and any amendments thereto from time to time, in consultation with the recommendations of Risk Management Committee.

Any subsequent notification, circular, guidelines or amendments in the Act, SEBI Listing Regulations or any other applicable statutory or regulatory law shall forthwith be implemented by the Company and consequent changes in this Policy shall be carried out with the approval from Risk Management Committee and Board of Directors and be communicated on the relevant platform.

Therefore, this policy shall be reviewed at least once in two years or as and when required.

13. PUBLICATION OF POLICY:

This Policy will be available on the Company's website and the key features of the Policy will be published in the Annual Report as well.