Version 3
Adopted in the Board Meeting held on January 31, 2015
Reviewed on July 25, 2026

RISK MANAGEMENT POLICY

VISION

To be a world class Business Enterprise, Creating Values, Excellence in every business and service, to consumers, stake holders and society.

MISSION

Provide products and services which are of value to our customers and stakeholders and deliver energized growth through excellence in every business activity;

To achieve our objectives in an environment of fairness, honesty, integrity and courtesy towards our clients, employees, vendors and society at large;

Be innovative, trendsetter, fashionable, and youthful;

Be a good corporate citizen.

RISK POLICY

In support of the vision and mission of the Company our risk policy is to be risk aware but not risk averse, and to actively manage business risks to protect and grow our business.

Risk is defined as any event that may impact the Company's ability to achieve its mission. Business risk arises both from uncertainty and likelihood of loss or lost opportunities. It is the objective of the risk management efforts to identify, assess, and control risks through effective mitigation plans to protect the Company from loss, uncertainty, and lost opportunity.

The approach to the management and control of risks will be determined by the tolerance for risk established by the Company's Board. Risk tolerance is defined as the threshold of risk that the Company considers acceptable based on the assessed impact and likelihood of the risks and the Company's ability to manage the risks. The risk management committee shall consider the balance between risk and reward as far as practical, striving to optimize the rewards gained from taking calculated risks as part of performing business activities.

The Risk Policy and its execution should be in line with the Core Values of the Company.

RISK MANAGEMENT PRINCIPLES

The fulfillment of the Risk Policy will be governed by the following principles:

- Consideration of the balance between risk and rewards is an essential and integral part of the Company's strategy.
- Risk management is to be an integral part of efforts at all levels to achieve the Company's mission.
- Each department is responsible for managing the risks associated with its activities.
- All departments are to adhere to prudent risk management practices controls and legal standards.
- All material risks are to be identified (with financial impact), assessed on an ongoing basis, controlled, monitored and documented, periodically reported.
- Trigger events and control strategies to deal with risks are to be identified.
- Risk control strategies should be tailored to the particular business circumstances.
- A set of performance indicators and communication tools to be established to ensure accountability and to monitor and measure the outcome of the risk management efforts at appropriate management levels.

RISKS AND CONCERNS

- **Raw material risk**

  We are dependent on external suppliers for the timely supply of raw materials. We procure our raw material from manufacturers and authorized distributors appointed by the manufacturers based on our requirement. Fabric procurement constitutes a significant part of our cost and total lead time. Any delay in supply or non conformance to quality requirements by our suppliers or fluctuations in the prices of the same can impact our ability to meet our customer requirements and thus impact our profitability. Further, non-availability of required raw materials or any other item of production in desired quantity and quality at the right time may adversely affect our sales commitment and profitability.

  Risk mitigation

  The Company is not dependent on one mill and procures its fabric from various reputed mills in India on a sustained basis. On account of its large capacities and timely payments the company has developed an enviable goodwill and reputation and enjoys a healthy business relation with most of the major mills in India.

- **Quality risk**

  Highest quality parameters are a must for any branded apparel and lifestyle accessories related business or industry and any negligence in regard to the same could lead to severe consumer attrition.

  Risk mitigation

  The Company ensures the conformance to the highest quality standards coupled with fully automated and hygienic production units with adequate and comprehensive quality checks, resulting in superior products. The quality of the Company's products has not only led to better acceptance in the fiercely competitive markets; but also has resulted in high repeat business on account of increased customer loyalty.

- **Competition risk**

  Many competitors with cheaper variants of apparels and lifestyle accessories can actually capture the market with lower price schemes. Even plagiarism in terms of design, brand name, etc. can dent the Company's bottom line to a great extent.

  Risk mitigation

  The Company believes that in the long run, quality of a product is the sole consideration of the consumers and has therefore never compromised on quality or design.

  The Company has strong focus on Research and Development, which enables it to introduce new designs and fits and derive a first mover's advantage in the market. The Company has intensified its branding initiatives over the years, to ensure a credible brand, which would differentiate the Company's top line even in a largely crowded apparel segment.

- **Realization risk**

  Any decline in the realizations would directly affect the Company's performance.

  Risk mitigation

  The Company sells apparels and lifestyle accessories under credible brands, which caters to all the major consumers, assuring them of the superior quality of the Company products, leading to better realizations, even in the wake of large competing brands.

- **Product concentration risk**

  About 65 percent of the Company's total sales is derived from denims. Concentration on a single product type can hamper the Company's sustainability in the long run.

  Risk mitigation

  The Company manufactures and offers a large variety of branded apparel, indicating a wide product base. The Company has four apparel brands which cater to different segments of the society. The Company has also forayed into other value added products like lifestyle accessories. This wide product integration coupled with diversified product offerings would enable the Company to mitigate the risk of product concentration.

- **Other risks**

  Apart from the risks mentioned above, the Company's business is exposed to other operating risks, which are mitigated through regular monitoring and corrective action.

RISK MANAGEMENT FRAMEWORK

The company has always had a system- based approach to business risk management. Backed by strong internal control systems, the current risk management framework consist of the following elements:

- The executive management has clearly laid down the roles and responsibilities of the various entities in relation to risk management. A range of responsibilities, from the strategic to the operational is specified by the executive management. These role definitions, inter alia are aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by the Internal Auditor.

- A combination of centrally issued policies and divisionally evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.

- Appropriate structures have been put in place to effectively address the inherent risks in businesses with unique / relatively high risk profiles.

- A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk managements processes may need to be improved. The Audit Committee of the board reviews internal Audit findings, and provides strategic guidance on internal controls. Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

The combination of policies and processes as outlined above adequately addresses the various risks associated with your Company's businesses. The senior management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.