KANISHK ALUMINIUM INDIA LIMITED
(Formerly known as KANISHK ALUMINIUM INDIA PRIVATE LIMITED)
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RISK MANAGEMENT POLICY

1. Introduction

Risk is an inevitable and necessary adjunct to the functioning of an organization. Whether it is strategic decision making or carrying out the normal day-to- day operations of a Company, almost every activity involves an element of risk or uncertainty. Risk Management assists in identification, assessment and prioritization of the various risks faced by a Company. It helps the organization to understand potential risks, its impact and provides an opportunity to be prepared with alternative risk responses to mitigate/reduce the occurrence or impact of such risks.

2. Purpose

Sub-Regulation 9 of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 states as under:

"The company shall lay down procedures to inform members of board of directors about the risk assessment and minimization procedures. The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the company."

Therefore, it becomes mandatory to prepare comprehensive framework of risk management for assessment of risks and determine the actions to be taken to minimize their adverse effect on the organization.

Being primarily engaged in the manufacturing and selling of aluminium equipments and accessories, the Company is exposed to varying degrees of uncertainty both at the micro and macro levels which affects the economy as a whole and the sector as well. Effective risk management is, therefore, crucial for the Company to optimize its performance.

The specific objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the company's risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

3. Risk Strategy

The company believes that properly implemented risk management has many potential advantages in the form of better decision making, increased likelihood of achieving corporate objectives, less chance of major problems in new and ongoing activities, etc.

The Company has established a robust risk assessment and minimization procedures, which are reviewed by the Board periodically. The company has also established a policy to identify and mitigate various risks that would be faced by it from time to time.

At every Board meeting, the risk is reviewed, new risks if any are identified, assessed and control measures are designed to put in place fixed timeline for mitigating the risk.

4. Risk Management

The Company has established a structure for managing the risks occurred in the day to day business activities. Following are the risks specific to the company and adversely affect the day to day business of the company.

Opportunities and Threats

The increasing need for lightweight materials in automotive, aerospace, and construction sectors can drive demand for aluminum products. The push for sustainable and recyclable materials presents an opportunity for aluminum, which is highly recyclable and energy-efficient in production. Supportive government policies promoting manufacturing (such as "Make in India") and infrastructure development can create a favorable environment for our growth. The growth in the construction and infrastructure sectors, particularly in emerging economies, increases the demand for aluminum products.

Fluctuations in aluminum prices due to global market conditions can affect our profit margins and pricing strategies. Intense competition from both domestic and international manufacturers may pressure pricing and market share. Compliance with environmental regulations and safety standards can increase operational costs and complexity. Dependency on raw material suppliers and potential supply chain issues can impact production capabilities and timelines. Rapid advancements in alternative materials and manufacturing technologies could threaten market relevance. Economic slowdowns can reduce demand from key sectors such as construction and automotive, adversely affecting sales and revenue.

Risk and Concerns

The prices of aluminum and related materials can be volatile, impacting our production costs and profit margins. This industry is sensitive to economic cycles. A downturn can lead to reduced demand from key sectors like construction and automotive. Stricter environmental regulations and safety standards can lead to increased operational costs and require more investment in compliance measures. Rapid advancements in alternative materials or manufacturing processes may render existing products less competitive or obsolete. Maintaining high standards of quality is crucial. Any lapses can lead to product recalls, damage to reputation, and financial losses.

Increased competition may lead to market saturation, making it challenging to maintain market share and pricing power. Rising labor costs and shortages of skilled workers can impact production efficiency and profitability. Political instability and trade tensions can affect international trade, impacting supply chains and market access. Shifts in consumer preferences towards more sustainable and innovative materials may require adaptation and investment in new technologies. Concerns over the environmental impact of aluminum production and recycling can lead to increased scrutiny and pressure from stakeholders.

KEY RISK MANAGEMENT PRACTICES

The key risk management practices include those relating to risk assessment, measurement, mitigation, monitoring, reporting and integration with strategy and business planning.

- **Risk identification and assessment:** Periodic assessment to identify significant risks for the Company and prioritizing the risks for actions. Risk register and internal audit findings also provide pointers for risk identification.

- **Risk measurement, mitigation and monitoring:** For top risks, dashboards are created that track external and internal indicators relevant for risks, so as to indicate the risk level. The trend line assessment of top risks, analysis of exposure and potential impact are carried out. Mitigation plans are finalized, owners are identified and progress of mitigation actions are monitored and reviewed.

- **Risk Reporting:** Top risks report outlining the risk level, trend line, exposure, potential impact and status of mitigation actions is discussed on a periodic basis. In addition, risk update is provided to the Board. Entity level risks such as project risks, account level risks are reported to and discussed at appropriate levels of the organization.

- **Integration with strategy and business planning:** Identified risks are used as one of the key inputs for the development of strategy and business plan.

RISK MANAGEMENT ROLES AND RESPONSIBILITIES:

The Board level committee i.e. Audit Committee, oversees risk management policies and procedures. All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for reviewing the company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board of Directors is responsible for:

1. Approving and authorizing the policy
2. Ensuring that a system is in place to identify the risk and best action is to be taken to mitigate that risk
3. Reviewing the periodical and annual risk reports that identify the risk to the company and mitigation strategies in place.

5. Review

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.

6. Amendment

This Policy can be modified at any time by the Board of Directors of the Company.