KDDL LIMITED
RISK MANAGEMENT POLICY

1. Preface

Risk is inherent in every business and it becomes the Company's responsibility to minimize the occurrence of its incidence in order to protect interest of all stakeholders and enhance shareholders' value.

Risk management is a process of identifying and managing risks that could severely impact the operation of the Company. Generally, this involves identifying potential threats to the organization, likelihood of their occurrence, taking proactive appropriate actions and steps for minimizing the impact on business operations.

2. Risk Coverage

To cover all kind of risks associated with the business and its continuity in the long run, the risk assessment and coverage has to include both general nature risks and specific risks associated with the business. An illustrative list of risks may include Environmental / Political risks, Financial, Regulatory, Taxation, Forex market, Supply chain, People, ESG, Investors. IPRs, Technology and capability etc.

3. Risk Strategy

Company recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. The Company believes that the Risk cannot be eliminated but it can be better managed by

- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract in case of business involving use of Foreign exchange;
- Reduced, by adopting good internal controls;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

4. Risk Management Framework

KDDL adopts systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and compliance with the regulations. The Company believes that this would ensure mitigating steps proactively and help to achieve the risk management effectively.

The Company has constituted a Risk Management Committee consisting of Executive and Independent Directors in line with the statutory requirements of the SEBI LODR. The Committee will periodically review the risk management policy, at least once in two years and review the status of risk mitigation plan.

5. Structural Mechanism for assessment, monitoring and mitigation of risks

A detailed risk assessment matrix is used for assessing the risks associated with every business segment and vertical. Initial assessment of the risk is done at the respective business unit end for the relevant risks, by the Senior Management team of the business and then these unit/business level risk assessment is again reviewed by the Corporate Team including CEO and CFO of the Company. A broad roadmap is prepared for risk mitigation.

Corporate level team comprising CEO, CFO, HR and the business head of the respective business segment consolidates these risk assessment and based on the materiality, significance, relevance and business compulsions including market, scenarios and opportunities, a broad risk assessment and risks are finalized for detailed action plan to mitigate the effect of same.

These risks and the rationale of the same are shared along with the broad risk mitigation plan with the Board level Risk Management Committee (RCM). Post the review and approval of RCM, detailed actions and the resources are deployed for mitigating the risk and periodic reviews and monitoring of the progress is done at all levels of business decisions making process. Detailed exercise of risk assessment is done every 2 years.

6. Amendments:

The above Policy may be amended subject to the approval of the Risk Management Committee and Board of Directors from time to time in line with the business requirements of the Company or any statutory enactments or any amendment thereto.