

**KRAUS CASUALS PRIVATE LIMITED**

**RISK MANAGEMENT POLICY**

## **A. INTRODUCTION & LEGAL FRAMEWORK**

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 has also incorporated various provisions in relation to Risk Management policy, procedure and practices.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a “Risk Management Policy”.

The Company recognises its responsibility to manage risk in an effective and efficient manner as a fundamental component of business operations. The Company is committed to identifying and analyzing risks associated with activities and operations with the objective of maintaining a safe workplace, minimizing losses and maximising opportunities, developing appropriate risk treatment options, and informed decision-making.

Risks can be threats or opportunities and a failure to manage them is a significant danger to the Company’s survival and growth. The purpose of this policy is also to communicate the Company’s common and systematic approach to managing risk.

## **B. POTENTIAL BENEFITS**

Potential benefits likely to flow from risk management are – (a) fewer shocks and unwelcome surprises, (b) enhances communication, (c) promotes efficiency, (d) enables quicker grasp of new opportunities, and (f) supports more effective use of resources. It is recognized that it takes real time disasters to appreciate the benefits of a structured risk management system put in place moving well beyond a mere compliance-oriented approach.

## **C. OBJECTIVES**

The objectives of undertaking the risk management exercise will be to

- ✓ make a comprehensive review of the Company’s significant activities in order to define the risks flowing from such activities,
- ✓ prioritize not more than ten risks for focused approach thereon,
- ✓ embed a risk management culture across the Company,
- ✓ revise risk management policies appropriately from time to time, and
- ✓ keep the Board of Directors / Shareholders appropriately informed of the risk management initiatives and status thereof.

## **D. GOVERNANCE FRAMEWORK**

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

Companies Act, 2013:

Provisions of the Section 134(3)

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.

Provisions of the Section 177(4) Terms of reference to Audit Committee shall include

- ✓ evaluation of Internal Financial Controls and Risk Management Systems.

Schedule IV – Code of Independent Directors: Role and Functions:

- ✓ 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;

**E. CONSTITUTION OF RISK MANAGEMENT COMMITTEE**

Risk Management Committee shall be constituted by the Board consisting of minimum three members with majority of them being members of the board of directors.

The Composition of the Risk Management Committee of the Board is as follows:

<b>Name</b>	<b>Category</b>	<b>Designation</b>
Mr. Hemant P. Jain	Non-Executive Director	Chairman
Mr. Ravi A. Punjabi	Managing Director	Member
Mr. Pankaj K. Jain	Non-Executive Director	Member

**F. RISK MANAGEMENT APPROACH**

Our risk management approach is composed primarily of three components:

1. Risk Governance
2. Risk Identification
3. Risk Assessment and Control

**Risk Governance:**

- ✓ The functional heads of the Company are responsible for managing risk on various parameters and ensure implementation of appropriate risk mitigation measures.
- ✓ The Risk Management Committee provides oversight and reviews the risk management policy from time to time.

**Risk Identification:**

External and internal risk factors that must be managed are identified in the context of business objectives.

**Risk Assessment and Control:**

This comprises the following:

1. Risk assessment and reporting
2. Risk control
3. Capability development

On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management. Examples of certain of these identified risks are as follows:

- Broad market trends and other factors beyond the Company's control significantly reducing demand for its services and harming its business, financial condition and results of operations
- Failure in implementing its current and future strategic plans
- Significant and rapid technological change
- Damage to its reputation
- Its products losing market appeal and the Company not being able to expand into new product lines or attracting new types of investors
- Its risk management methods and insurance policies not being effective or adequate
- Fluctuations in trading activities
- Changes in interest rates
- Changes in government policies
- Security risks and cyber-attacks
- Insufficient systems capacity and system failures

**G. RESPONSIBILITY, COMPLIANCE AND CONTROL**

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. 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 organisation 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.

#### **H. BUSINESS CONTINUITY PLAN (BCP)**

The plan ensures that personnel and assets are protected and are able to function quickly in the event of a disaster. The BCP is generally conceived in advance and involves input from key stakeholders and personnel.

BCP involves defining any and all risks that can affect the company's operations, making it an important part of the organization's risk management strategy. Risks may include natural disasters— fire, flood, or weather-related events—and cyber-attacks. Once the risks are identified, the plan should also include:

- ✓ Determining how those risks will affect operations
- ✓ Implementing safeguards and procedures to mitigate the risks
- ✓ Testing procedures to ensure they work
- ✓ Reviewing the process to make sure that it is up to date

#### **I. DISCLOSURE**

The Company shall make appropriate disclosures as required under Companies Act, 2013 and rules made thereunder.

#### **J. APPROVAL AND AMENDMENTS**

The Policy was approved by the Board of the Company at its meeting held on February 08, 2025. Any amendment to the policy will be done with the approval of the Audit/Board of the Company. This Policy should be reviewed once in three years or earlier if required by a change in circumstances.

The Board shall have the discretion to deal with certain risks in the manner it may deem fit. Mitigation of such risks and effectiveness of their mitigation measures and review of the strategy may be directly discussed by the Board members with Audit Committee.

Disciplinary action shall be initiated for any violation of this policy or the guidelines framed there under.

Therefore, this Policy prescribes that violation of the provisions applicable to Risk Management Framework is something the Company cannot afford to risk.

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**Footnote**

This policy was approved by the Board of Directors on February 08, 2025.

**For KRAUS CASUALS PRIVATE LIMITED**

Sd/-

**Ravi Atmaram  
Punjabi  
Managing Director  
DIN:- 09016025**