

RISK MANAGEMENT POLICY

FOR KAY JAY FORGINGS LIMITED

CIN: U74899DL1983PLC029298

Registered Office: A-8, Maya Puri Industrial Area Phase-1, New Delhi- 110 064 Delhi, India.

I. PREAMBLE

- a. Section 134(3) of the Companies Act, 2013 requires a statement to be included in the report of the board of directors (“**Board**”) of Kay Jay Forgings Limited (the “**Company**”), 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.
 - b. The audit committee is required to evaluate the internal financial controls and risk management systems of the Company and the independent directors shall satisfy themselves that the systems of risk management are robust and defensible. Section 177(4)(vii) of the Companies Act, 2013 provides that audit committee shall evaluate the internal financial controls and risk management systems of the company.
 - c. Furthermore, regulation 17(9)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.
 - d. Regulations 21(4) further provides that the Board shall define the role and responsibility of the Risk Management Committee (“**Risk Management Committee**”) and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit. Such function shall specifically cover cyber security. It further states that role and responsibilities of the Risk Management Committee shall mandatorily include the performance of functions specified in part D of schedule II of the Listing Regulations.
- II. Accordingly, the Board of our Company adopted this policy at its meeting held on August 18, 2025, which can be amended from time to time and shall come into effect from the date of listing of the equity shares of the Company. In case of any subsequent amendments to the Listing Regulations which makes any of the provisions in the policy inconsistent, the provisions of the Listing Regulations shall prevail.

III. OBJECTIVE

This policy is made with an objective:

- a. 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;
- b. To establish a framework for the company’s risk management process and to ensure its implementation;
- c. To enable compliance with appropriate regulations, wherever applicable, by adoption of best practices;
- d. To assure business growth with financial stability;

- e. Development of risk register, in order to guide decision on risk evaluation and mitigation related issues;
- f. Protecting and enhancing assets and Company image; and
- g. Reducing volatility in various areas of the business.

IV. POLICY

Our Risk Management approach consists of following:

- a. Risk Identification;
- b. Risk Analysis; and
- c. Risk Assessment and Control.

a. RISK IDENTIFICATION

Risk Identification means identifying the source or origin of risk.

The functional head shall be responsible for identifying risk associated with their department. They shall identify the risk on regular basis and document all the risk that can negatively affect their department and company overall objective and performance. Mechanisms for identification and prioritization of risks include risk survey, industry benchmarking, incident analysis, business risk environment scanning, and focused discussions with the Board. Risk register and internal audit findings also provide inputs for risk identification and assessment

The Risk Management Committee shall, on periodic basis, oversee and review the risk identification Process adopted by the functional head. All risks identified are documented in the form of a Risk Register. Risk Register incorporates risk description, category, classification, mitigation plan, responsible function / department.

b. RISK ANALYSIS

A risk analysis is a process in which you determine the defining characteristics of each risk and assign each a score based on your findings.

The risk identified by the functional head shall be analysed by identifying the possible threats that company may face and estimating the likelihood that these threats will materialize.

c. RISK ASSESSMENT AND CONTROL

The identified external and internal risk factors are assessed by the responsible functional head. All the assessed risk shall be reported to Risk Management Committee and appropriate action shall be taken to deal with those risk either by avoidance, reduction, retention or transfer.

Each identified risk is assessed on two factors which determine the risk exposure:

- i. Impact if the event occurs; and
- ii. Likelihood of event occurrence.

Risk control policy shall be made to deal with those risks that neither avoided nor transfer.

An effective internal control system should be exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management.

Risk Reporting and Disclosures

Risks to the achievement of key business objectives, trend line of risk level, impact and mitigation actions are reported and discussed with the Board on a periodic basis. Key external and internal incidents with potential impact are reported, periodic update is provided to the Board highlighting key risks, their impact and mitigation actions. Key risk factors are disclosed in regulatory filings.

V. RISK MANAGEMENT COMMITTEE

The Company has a committee of the Board, namely, the Risk Management Committee, which was constituted with the overall responsibility of overseeing and reviewing risk management across the Company.

The terms of reference of the Risk Management Committee are as follows:

- a.** to formulate a detailed risk management policy which shall include:
 - i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the committee.
 - ii. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii. Business continuity plan.
- b.** to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c.** to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d.** to periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity
- e.** to keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
- f.** the appointment, removal and terms of remuneration of the [Chief Risk Officer] (if any) shall be subject to review by the Risk Management Committee.
- g.** review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
- h.** review of operational risks;
- i.** review of financial and reporting risks;
- j.** review of compliance risks;

- k. review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value;
- l. review the extent to which management has established effective enterprise risk management at the Company;
- m. inquiring about existing risk management processes and review the effectiveness of those processes in identifying, assessing and managing the Company's most significant enterprise-wide risk exposures;
- n. review the Company's portfolio of risk and consider it against its risk appetite by reviewing integration of strategy and operational initiatives with enterprise-wide risk exposures to ensure risk exposures are consistent with overall appetite for risk; and
- o. review periodically key risk indicators and management response thereto.

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.

The Risk Management committee shall comprise of:

- **Members:** Minimum three (3) members with the majority of them being members of the Board, including at least one (1) independent director.
- **Chairperson:** Shall be a member of Board and senior executives of the Company may be members of the committee.
- **Meeting:** The committee shall meet at least twice in a year on a continuous basis in such a manner that not more than one hundred and eighty days shall elapse between any two consecutive meetings.
- **Quorum:** Shall be either two (2) members or one-third (1/3rd) of the members of the Committee whichever is higher, including at least one (1) member of the Board to be present.

VI. REVIEW AND AMENDMENT TO THE POLICY

The Risk Management Committee shall periodically review this policy and may recommend amendments to this policy from time to time as it deems appropriate.

AMENDMENT

Any change in the policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this policy or the entire policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this policy.

VII. DISSEMINATION

This policy shall be posted on the website of the Company.

Version approved by: The Board of Directors

Effective Date: August 18, 2025

Place: Ludhiana