

## RISK MANAGEMENT

# FORTIFYING FOR THE COMING TIMES

We adhere to the globally recognised 'COSO' framework for Enterprise Risk Management (ERM), which takes into account both opportunities and potential risks that can impact our Company. Through risk identification and prompt mitigation, we are able to secure sustainable value for our stakeholders.

### Risk management approach

We operate under an approved Risk Management Policy, which is approved by our Board of Directors. This policy is meticulously designed to assess the state of our business risks effectively. The responsibility of identifying, evaluating, managing and reporting risks lies on our management team. This approach allows us to not only proactively address potential risks but also leverage business opportunities.

#### The Risk Management Committee, apart from overseeing the ERM framework, ensures the following:

- Execution of decided strategies with focus on action
- Monitoring risks arising out of unintended consequences of decisions or actions related to performance, operations, compliance, incidents, processes, systems and the same are managed appropriately

#### We recognise that the identified risks need to be managed and mitigated, to -

- Protect our shareholders' and other stakeholders' interest
- Achieve business objective
- Enable sustainable growth

We have also established a Risk Management Committee (sub-committee of Directors) to oversee the ERM framework.

#### Members of the Risk Management Committee:

- Mr. N. K. Jain (Chairman)
- Mr. J. K. Tandon
- Mr. Pankaj Kulkarni
- Mr. K. N. Patel

### Key risks, opportunities & response strategies

#### R1 | Demand supply dynamics



##### Response strategies

- ▶ Cement production in India is expected to increase on the back of improving rural housing demand and the Government's strong focus on affordable housing and infrastructure development, which will stimulate demand
- ▶ Widening market base and increased value addition, with a focus on quality and customer relationship
- ▶ Better market intelligence with inputs from the marketing team
- ▶ Continued focus on cost

#### R2 | Infrastructure & Logistics



##### Response strategies

- ▶ Having a centralised logistics cell, which will facilitate and ensure that logistics cost is kept optimum by adopting the most economical mode of transport
- ▶ By appropriate budget allocation and resource prioritisation to meet the demand of present and future infrastructure setup
- ▶ By having a right combination of transportation through road/rail to optimise operations and cost

#### R3 | Raw material



##### Response strategies

- ▶ Tracking commodity markets
- ▶ Exploring options to broad base sourcing
- ▶ Building captive capacities for slag and clinkers
- ▶ Focusing on relationship management for regular supply and timely indications about the future
- ▶ Tracking Government policies/developments in sourcing countries



Risk decrease  
(y-o-y)



Risk unchanged  
(y-o-y)



Risk increase  
(y-o-y)

#### R4 | Finance



##### Response strategies

- ▶ Optimising rising interest rate impact by repaying/refinancing higher interest rate loan
- ▶ Interest rate swap for part of foreign loan where fixed interest taken instead of SOFR (variable)
- ▶ Tracking and monitoring external events that has impact on financial performance
- ▶ Regularly reviewing financing, hedging, pricing and procurement policy considering exposure, emerging scenario and track record among others
- ▶ Effective monitoring of internal performance and cash flows through internal meetings and continuously improving information and communication systems

#### R5 | Environment, Health & safety



##### Response strategies

- ▶ Continuing to hold monthly apex safety meetings for the review of safety aspect, fatal accidents/near miss accidents, if any
- ▶ Closely monitoring compliance with environmental norms
- ▶ Task Force for Climate-related Financial Disclosures (TCFD) assessment initiated in March 2023
- ▶ Regularly tracking changes in technology and future norms
- ▶ Continuing to focus on producing sustainable products that are safe for consumers
- ▶ Safety has been added as a mandatory Key Result Area (KRA) for employees
- ▶ Conducting medical check-up of the labour force at regular intervals
- ▶ Coordinating safety training, mock drill, best practices, structures audit, Hazop study
- ▶ Continuing to put in place strong Security arrangements like security check-post, entry pass/identity cards, access control system, CCTVs at critical locations
- ▶ Providing the medical facilities and mediclaim policy cover for employees and their families
- ▶ Pre-qualification assessment and technical assessment for contractors is being done
- ▶ Continuing with annual health check-up of all employees
- ▶ Conducting project site safety audit

#### R6 | Attract and retain the desired talent/manpower



##### Response strategies

- ▶ Having strong HR policies and processes in place for hiring and retaining talent
- ▶ Providing competitive compensation and robust performance management system to reward potential and initiative
- ▶ Continuing to identify successors for senior and middle level management as part of the Group initiative
- ▶ Advancing with Project Unnati that was initiated to identify core gaps to prevent attrition and build action plans
- ▶ Providing attractive ESOPs to retain talent
- ▶ Creating a separate pool of employees across bands, and grooming them for next-level roles through specially designed Future-Fit Leadership Development programs from IIM Ahmedabad, ISB Hyderabad and Cornell University, USA
- ▶ Providing online learning courses for employees in collaboration with Skill-soft to develop project management, team building, communication and other skills