

RISK MANAGEMENT

Resilience that strengthens growth

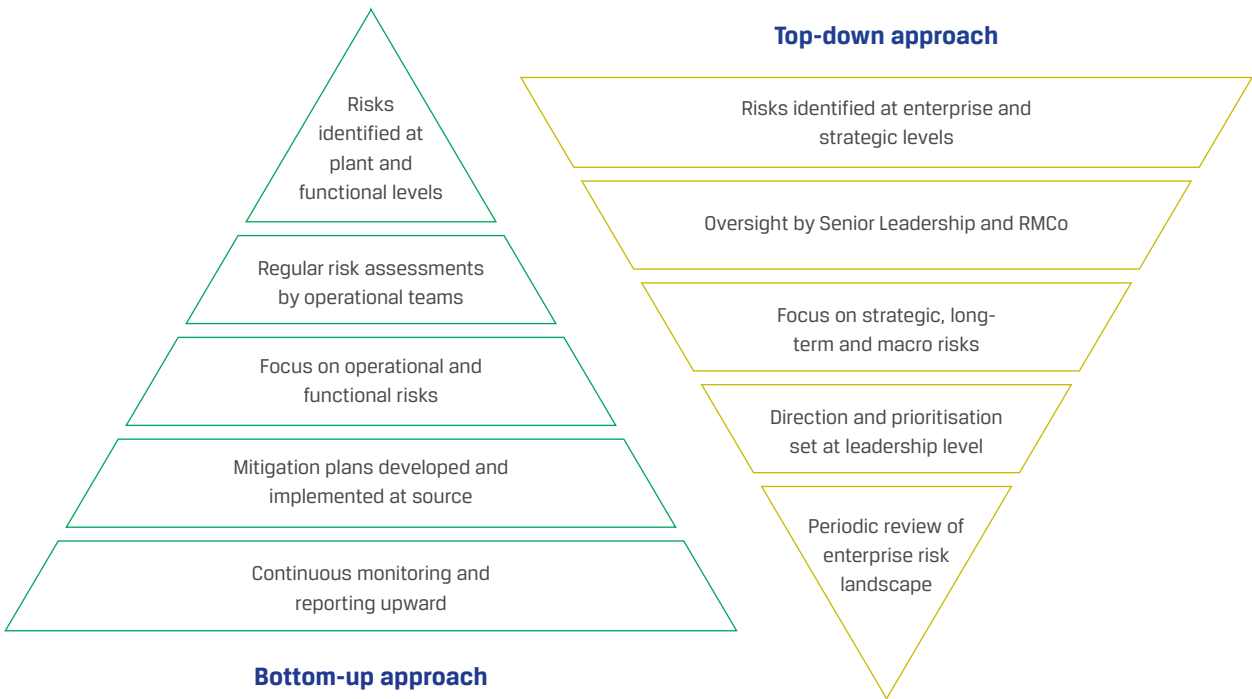
Risk management remains integral to our governance and decision-making. We follow the COSO Enterprise Risk Management framework to identify, assess and mitigate risks in a structured manner. A Board-approved policy guides risk evaluation and response across the organisation. Regular reviews help maintain readiness for a changing business environment. This approach protects stakeholder value while enabling informed decisions on emerging risks and opportunities.

KEY FOCUS OF OUR RISK MANAGEMENT PRACTICES AS FOLLOWS:

- Protect the interests of shareholders and stakeholders
- Support achievement of business goals and objectives
- Enable a foundation for sustainable growth
- Conduct regular risk management training and awareness sessions for directors and teams to strengthen processes and awareness of risk trends

RISK MANAGEMENT FRAMEWORK

Our risk management framework combines bottom-up and top-down perspectives to ensure comprehensive risk oversight.



BOARD-LEVEL RISK OVERSIGHT

Risk governance is overseen by the Risk Management Committee of the Board, which provides direction and supervision of the enterprise risk management framework. The Committee monitors risks across operations, performance, compliance, processes and systems, and ensures timely actions are taken to address emerging and existing risks.

Members of the risk management committee

Mr. Seshagiri Rao MVS (Chairman)

Mr. Sumit Banerjee

Mr. Akshaykumar Chudasama

Mr. Aashish Kamat

LEGENDS FOR RISK MAGNITUDE

↑

Increase

↓

Decrease

↔

No change

✓

New risk

ADDRESSING THE KEY RISKS

R1Strategic risk

Change in risk magnitude



Strategies linked

S1

S2

S3

S4

Capitals impacted



Key risk

- Demand-supply dynamics may influence consumer spending and cement demand

Trends

- Urbanisation and infrastructure growth
- Rising rural housing demand
- Higher public investment in housing and infrastructure

Mitigation strategies

- Scale production in line with demand outlook
- Diversify markets and customer segments
- Introduce products aligned with market trends
- Strengthen customer recall through quality and service
- Use market intelligence to guide production and expansion decisions
- Increase use of alternative fuels
- Expand WHRS to lower energy costs

R2Interest Rate risk

Change in risk magnitude



Strategies linked

S1

S2

S3

Capitals impacted



Key risk

- Exposure to financing, credit and liquidity risks
- Liquidity constraints may affect funding and obligations
- Inflation and interest rate movements may impact financial performance

Trends

- Easing monetary cycle with lower policy rates
- Softening global interest rate environment

Mitigation strategies

- Refinance or repay high-cost borrowings to reduce interest burden
- Use interest rate swaps to convert variable rates to fixed
- Track macro and market developments to enable timely response

R3Exchange Rate Fluctuations risk

Change in risk magnitude



Strategies linked

S1

S2

S3

Capitals impacted



Key risk

- Recent geo-political events have led to volatility in USD-INR rate ranging from 84 to 95

Trends

- Volatility in USD-INR rate

Mitigation strategies

- Company has the risk Management policy (Forex and Derivatives) which is reviewed by Risk Committee and Board Committee
- Hedging strategy with a judicious mix of forward contracts and options
- Adequate Hedging of long-term capital liabilities

R4Operational risk

Change in risk magnitude



Strategies linked

S3

S4

Capitals impacted



Key risk

- Disruptions in transport, power, communication or public infrastructure may affect operations and increase costs

Trends

- Greater focus on logistics efficiency and cost optimisation
- Rising adoption of green logistics practices

Mitigation strategies

- Centralised logistics planning to select cost-efficient transport modes
- 24×7 control tower to track fleet movement and despatch
- Digital tools to optimise yard and truck operations
- Targeted investments to align infrastructure with production needs
- Combine road and rail to improve delivery efficiency and control costs

R5Raw Material risk

Change in risk magnitude



Strategies linked

S3

S4

Capitals impacted



Key risk

- Price and availability of fuels and raw materials may fluctuate due to demand shifts, supply disruptions, currency movements, policy changes and logistics costs

Trends

- Growing reliance on recycled materials and alternative fuels

Mitigation strategies

- Monitor commodity trends to guide procurement
- Expand in-house sourcing for critical materials
- Build a broad and reliable supplier base
- Strengthen supplier partnerships for supply security
- Track regulatory changes affecting sourcing
- Increase use of alternative fuels to manage costs

R6 Talent/manpower risk

Change in risk magnitude



Strategies linked



Capitals impacted



Key risk

- Inability to attract and retain skilled talent may affect operations and expansion plans
- Potential labour disruptions could impact business continuity

Trends

- Increasing use of digital tools and analytics in HR management

Mitigation strategies

- Fair hiring, competitive pay and performance-linked rewards
- Structured succession planning for critical roles
- Targeted engagement initiatives and ESOPs to align interests
- Leadership development and continuous learning programmes

R8 Cyber Security risk

Change in risk magnitude



Strategies linked



Capitals impacted



Key risk

- Cybersecurity incidents may lead to data theft, financial loss, extortion or business disruption
- Breaches could affect corporate and financial information and damage reputation

Mitigation strategies

- IT systems aligned with ISO 27001:2013 information security standards
- Regular vulnerability assessments and penetration testing
- Firewall hardening and remediation tools

- Distributed Denial of Services (DDoS) protection and Endpoint Detection & Response (EDR) solutions
- Continuous monitoring, threat detection and incident response
- Network visibility and access controls (NAC) and multi-factor authentication for critical systems
- Independent assessments and peer benchmarking
- Cybersecurity awareness programmes across locations
- Cyber insurance coverage in place

R7 Sustainability risk

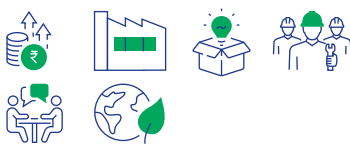
Change in risk magnitude



Strategies linked



Capitals impacted



Key risk

- Emissions, pollutants and water stress linked to cement production may create environmental and compliance risks
- Stricter regulations around EPR, CCTS and RCO regulations may require higher capex, operational changes and expanded disclosures
- Climate and water-related risks may affect current and planned projects

Trends

- Rising demand for low-emission, environmentally sound products
- Evolving sustainability reporting frameworks driving transparency

Mitigation strategies

- Leadership oversight and resource allocation for EHS priorities
- Regular safety reviews and continuous improvement focus

- Active compliance tracking, including preparation for carbon market mechanisms
- Assessments and audits to identify the gaps and working towards addressing those gaps
- Safety embedded in KRAs and performance evaluation
- Ongoing training, mock drills and safety audits
- Use of monitoring systems to detect and prevent risks
- Medical support, insurance and well-being programmes
- Contractor pre-qualification and technical safety assessments
- Regular project-site safety audits
- Focus on environmentally responsible products
- Transparent disclosures through recognised ESG platforms and reports

R9 Compliances risk

Change in risk magnitude



Strategies linked



Capitals impacted



Key risk

- The Company being now listed, any statutory non-compliances to laws will have adverse impact on the business.

Mitigation strategies

- Robust Legal Compliance management systems to ensure awareness and compliance
- Technology is being utilised to track compliance, timelines with suitable escalations, action plans and reviews
- Compliance review by Senior Management and Board of Directors on quarterly basis and initiation of remedial action