KHEMANI

KHEMANI DISTRIBUTORS & MARKETING LIMITED

RISK MANAGEMENT POLICY

[Pursuant to Companies Act, 2013]

KHEMANI

1. PREAMBLE

Khemani Distributors and Marketing Limited (the "Company") is engaged in the business of marketing and distribution of a wide range of consumer products including fast-moving consumer goods (FMCG), beverages, and other allied products. The Company operates in a dynamic and competitive business environment and is inherently exposed to various internal and external risks. In simple terms, 'Risk' refers to the impact of uncertainty on the achievement of business objectives.

The ability of the Company to consistently deliver value to its stakeholders is largely dependent on its understanding of potential risks and the effectiveness of its risk mitigation strategies. The Company recognizes that risk is an integral part of its business and does not aim to eliminate all risks, as doing so would also eliminate potential growth opportunities. Instead, the focus of the Company's Risk Management Policy is to proactively identify, assess, and manage key business risks in a structured and strategic manner.

The Company has implemented a sound risk management framework aimed at safeguarding its assets, ensuring compliance with applicable laws and regulations, and supporting informed decision-making at all levels. By anticipating and addressing risks in a timely manner, the Company strives to maintain operational stability, protect stakeholder interests, and achieve sustainable growth.

This Policy is framed in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

2. OBJECTIVE AND SCOPE OF THE POLICY

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating, and resolving risks associated with the Company's business. In order to achieve this key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. The scope of the Policy shall cover all functions of the Company.

3. LEGAL REQUIREMENTS

Risk Management is a key aspect of corporate governance principles which aims to improvise the governance practices across business activities of any organization. The Risk Management Policy ("Policy") is formulated in compliance with provisions of the Companies Act, 2013 ("the Act"), which requires the Company to lay down procedures about risk assessment and risk minimization.

4. RISK MANAGEMENT PROGRAM

The Company's risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor, and manage its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors to oversee and manage the risk, while conferring responsibility and authority on the Company's senior management ("Senior Management") to develop and maintain a risk management program in light of day-to-day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure efficacy of its risk management program.

The key elements of the Company's risk management program are set out below:

(i) Oversight and management

Board of Directors

The Board is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained.

(ii) Roles and responsibilities under policy

- ✓ The Company has framed a comprehensive Risk Management Policy that provides a structured approach for identifying both internal and external risks. These include financial, operational, sectoral, sustainability, information, and cyber security risks.
- ✓ The Policy also includes detailed risk mitigation measures. It establishes robust internal control systems and integrates a Business Continuity Plan to ensure readiness in case of disruptions.
- ✓ The Board reviews the Policy at least once every two years. This ensures that it remains aligned with changing industry dynamics and the growing complexity of risks.
- ✓ Material business risks are addressed through specific action plans. The board is responsible for overseeing the implementation of these plans across business units.
- ✓ Internal systems are in place to monitor and control the execution of these plans. This promotes accountability and timely corrective actions where needed.
- ✓ Management's performance in managing risks is reviewed regularly. To support this, necessary tools, resources, and training are provided to both management and employees.

- ✓ Special attention is given to emerging risks such as cyber threats and ESG-related concerns. The board ensures compliance with regulatory requirements and global best practices in risk management.

- ✓ Board fosters a culture of risk awareness within the Company. Employees are encouraged to follow internal risk procedures and controls.

5. AMENDMENTS AND UPDATES

This Policy may be reviewed and amended by the Board from time to time, as deemed necessary or in line with applicable laws, regulations, or guidelines. In case of any regulatory changes inconsistent with this Policy, the provisions of such regulatory updates shall prevail.

#This policy was reviewed and approved by Board of directors in their meeting held on 21/05/2025#