RISK MANAGEMENT POLICY

OF

SAEL INDUSTRIES LIMITED

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A. PREAMBLE

1. Section 134(3)(n) of the Companies Act, 2013 ("**Act**") requires a statement to be included in the report of the board of directors of a 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 of directors of a company, may threaten the existence of the company.

2. Further, Regulation 4(2)(f)(ii), 17(9), 21 and Clause C, Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (" SEBI **LODR**") requires that companies set out procedures to inform the board of directors of the company of risk assessment and minimization procedures and make the board of directors responsible for framing, implementing and monitoring the risk management plan of the company. However, the provision of SEBI LODR to the extend incorporated in this policy shall be applicable to the Company from the date of listing of its shares on the BSE Limited and National Stock Exchange of India limited.

3. Accordingly, the Board of Directors ("Board") of SAEL Industries Limited ("SAEL" or "Holding Company") at its meeting held on October 09, 2025 has adopted this Risk Management Policy ("Policy") as a Group Risk Management Policy applicable to SAEL Industries Limited and all its existing and future subsidiaries and Associate Companies(collectively referred to as the "SAEL Group"), which may be amended from time to time.

B. OBJECTIVE

This Policy aims to provide a framework for the effective management of risk as required by the Act and in line with the SEBI LODR. Through this Policy, the Company intends to establish a robust framework for reduction, identification, mitigation and management of risks involved in all activities of the Company (such as strategic, financial, operational, regulatory, reputational, third-party, sustainability, and technological risks) to maximize opportunities and minimize adversity. It also prescribes the risk management governance structure along with the roles and responsibilities of various stakeholders within the organization.

This Policy shall apply to SAEL Industries Limited and all its subsidiaries and associate companies, whether existing as on the date of adoption of this Policy or incorporated/acquired thereafter. Each subsidiary and associate company shall adopt this Policy through its respective Board and implement the risk management framework in a manner appropriate to its business operations while aligning with the overall risk management framework of the SAEL Group.

This Policy complements and does not replace other existing compliance programs.

This Policy has been specifically designed, to achieve the following objectives:

- To safeguard the Company's property, interests, and interest of all stakeholders;
- Ensure achievement of the Company's vision and strategic priorities in line with its core values;
- Integrate risk management in the culture and strategic decision-making in the organization;
- Enable compliance with appropriate regulations and adoption of leading practices;
- Anticipate and respond to changing economic, social, political, technological environmental and legal conditions in the external environment.

For the purpose of this Policy, unless the context otherwise requires, references to the "Company" shall be construed as references to the relevant entity within the SAEL Group to which this Policy applies.

C. CONSTITUTION OF RISK MANAGEMENT COMMITTEE

1. The Board of directors shall constitute a Risk Management Committee.

2. The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors

3. The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.

4. The risk management committee shall meet at least twice in a financial year.

5. The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

6. The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than 210 [two hundred and ten] days shall elapse between any two consecutive meetings.

D. TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

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, environment, social and governance (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 periodically review the risk management policy at least once in 2 (two) years, including by considering the changing industry dynamics and evolving complexity;

c. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

d. To approve the process for risk identification and mitigation;

e. To decide on risk tolerance and appetite levels, recognizing contingent risks, inherent and residual risks including for cyber security;

f. To monitor the Company’s compliance with the risk structure. Assess whether current exposure to the risks it faces is acceptable and that there is an effective remediation of non-compliance on an on-going basis;

g. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

h. To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;

i. To approve major decisions affecting the risk profile or exposure and give appropriate directions;

j. To consider the effectiveness of decision making process in crisis and emergency situations;

k. To balance risks and opportunities;

l. To generally, assist the Board in the execution of its responsibility for the governance of risk;

m. To consider the appointment, removal and terms of remuneration of the Chief Risk Officer (if any), which shall be subject to review by the Risk Management Committee;

n. The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;

o. 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;

p. To attend to such other matters and functions as may be prescribed by the Board from time to time; and

q. To oversee implementation of the Policy across the SAEL Group.

r. Such terms of reference as may be prescribed under the Act and the LODR.

E. RISK IDENTIFICATION

The Risk Management Committee is required to identify the various risks that the Company may be exposed to, including financial, operational, environmental, sectorial, sustainability (particularly, environment, social and governance related risks) and governance risks, information, cyber security risks, third-party, technological etc. The identification process is carried out in such a way that an expansive risk identification covering operations and support functions are put together and dealt with.

Head of each unit, business division and functional department is responsible for identifying the probable risks in their areas of operation, which is then escalated to the Risk Management Committee. An illustrative list of risks faced by the Company across its functions have been identified and classified as follows:

a. Internal Risks

- Strategic Risk: Competition, inadequate capacity, high dependence on a single customer/vendor.

- Business Risk: Project viability, process risk, technology obsolescence/ changes, development of alternative products.
- Finance Risk: Liquidity, credit, currency fluctuation.
- Environment Risk: Non-compliances to environmental regulations, risk of health to people at large.
- Personnel Risk: Health & safety, high attrition rate, incompetence.
- Operational Risk: Process bottlenecks, non-adherence to process parameters/ pre-defined rules.
- Reputation Risk: Brand impairment, product liabilities.
- Regulatory Risk: Non-compliance to statutes, change of regulations.
- Technology Risk: Innovation and obsolescence.
- Information and Cyber Security Risk: Cyber security related threats and attacks.

b. External Risks

- Economic environment and market conditions
- Political environment
- Competition
- Changes in interest rates
- Changes in government policies
- Fluctuations in foreign exchange
- Geopolitical supply chain disruptions
- Adverse climatic conditions
- Pandemics
- Changes in tax regulation
- Financial stability of clients, business partners (joint-venture partner, consortium partner, sub-contractors), suppliers, vendors
- Lenders risk
- Revenue concentration and liquidity aspects
- Inflation and cost structure
- Technology obsolescence
- Legal

F. RISK ASSESSMENT AND PRIORITIZATION

Risks so identified are assessed to classify them as per the criticality for the business. This would enable prioritization of risks and decide the right risk management strategies appropriate for the different class of risks. Wherever, applicable and feasible, the risk appetite is also defined, and adequate internal controls are installed to ensure that the limits are adhered to.

The process of assessment is based on two parameters – risk impact and risk likelihood. These are rated in terms of Very High, High, Medium, Low, and Very Low scales. While prioritizing, risk velocity is also taken into consideration. Crisis Management plan is defined for risks which have high impact and high velocity.

G. RISK MITIGATION INCLUDING SYSTEMS AND PROCESSES FOR INTERNAL CONTROL OF IDENTIFIED RISKS

1. The Company has installed the following systems to firstly, shield the Company from the impact of the said risk:

a. Training and Awareness Programmes

The Risk Management Committee shall organize periodic risk identification, management and mitigation workshops for its directors, key managerial personnel and such employees, consultants and associates, as maybe necessary.

b. Involve all functions in the overall risk identification and mitigation exercise;

c. Link the risk management process to the strategic planning and internal audit process;

d. The Risk Management Committee shall have access to all information necessary to fulfill its responsibilities. It has the powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;

e. The Risk Management Committee may in its judgment periodically commission risk management analysis of the Company;

f. Creating and maintaining clear and comprehensive Documented Policies and Procedures through Quality Management System (QMS) implemented by internal ISO cell department and ensuring that employees follow the documented processes.

g. Implementing strong IT Security Measures & cybersecurity protocols. Securing networks, databases, and sensitive data by regularly assessing vulnerabilities and patch software.

h. Conducting regular internal audits. Auditing critical processes, financial transactions, and compliance areas and addressing control for weaknesses promptly.

i. Implementing budget controls and expense approval processes.

j. Frequent monitoring and assessing internal and external risk.

k. To obtain wherever commercial viable to mitigate risk adequate insurance cover.

H. BUSINESS CONTINUITY PLAN

Business Continuity Plans (BCP) are required to be defined for risks corresponding to High Impact and High Velocity to enable rapid response to address the consequence of such risks when they materialize. Business Continuity Planning shall be embedded in the Internal Controls and Crisis Management framework. The committee shall be responsible for laying out crisis response mechanism, communication protocols, and periodic training and competency building on crisis management. The Committee shall also conduct periodic disaster recovery mock drills to ensure that the organization is prepared to manage any crisis event quickly for business continuity.

I. INFORMATION TO THE BOARD ABOUT RISK ASSESSMENT AND MINIMIZATION PROCEDURES

1. The Risk Management Committee shall on a periodical basis, submit a report to the Board of Directors setting out details of risks identified, impact of such risks on the Company and its stakeholders, measures taken by the Risk Management Committee to mitigate and manage the risks.
2. The Risk Management Committee shall periodically liaise with internal auditor and the audit

committee with respect to any financial risks identified.

J. DISCLOSURES

Board of Directors 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 in its Board Report and appropriate disclosures in Corporate Governance report as required in SEBI LODR.

K. REVIEW AND AMENDMENT

The Board, the Audit Committee and The Risk Management Committee shall review the above list periodically, but atleast every 2 (two) years and make modifications to the said list as seen necessary.

Notwithstanding anything contained in this policy, the Company shall ensure compliance with additional requirements as may be prescribed under applicable laws either existing or arising out of any amendment to such applicable laws or otherwise and applicable to the Company from time to time.

This Policy is intended to be in conformity with the LODR and the Act as on the date of its adoption. However, if due to subsequent modifications in the SEBI LODR, the Act or any other applicable law, a provision of this Policy or any part thereof becomes inconsistent with the LODR, the Act or any other applicable law, then the provisions of such laws, as modified, shall prevail.