RISK MANAGEMENT POLICY

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Issuing Authority	Board of Directors of the Company
Owner of the Document	Company Secretarial Department

RISK MANAGEMENT POLICY

The Board of Directors of Metalman Auto Limited ("the **Company**") has adopted the Policy of Risk Management ("**Policy**") in accordance with the Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Statues applicable to the Company. The Policy of Risk Management has been adopted by Board of Directors of the Company, on voluntarily basis, in its meeting, dated August 09, 2024. The Policy shall be effective from the date of approval of the Board of Directors.

OBJECTIVE AND PURPOSE OF POLICY

The Company is prone to internal and external business risks. Risk management is an integral component of good corporate governance and fundamental in achieving the Company's strategic and operational objectives, which helps to protect the interest of various Stakeholders. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

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 business of the Company. This Policy is also to ensure the compliance of the legal laws, wherever applicable. In order to achieve the key objective, the Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

APPLICATION

This policy applies to all areas of the Company's operations.

ROLE OF THE BOARD

The board of directors shall constitute a Risk Management Committee. The board of directors shall define the role and responsibility of the 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 and such function shall specifically cover cyber security.

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RISK MANAGEMENT COMMITTEE

The Board of directors of the Company has constituted voluntarily a Risk Management Committee pursuant to a resolution passed by the Board. The composition and terms of reference of the Risk Management Committee is in compliance with Regulation 21 of the SEBI Listing Regulations.

Scope and terms of reference:

The role and responsibility of the Risk Management Committee shall be as follows:

- Formulation of a detailed risk management policy which shall include: (a) 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 Risk Management Committee; (b) measures for risk mitigation including systems and processes for internal control of identified risks; and (c) business continuity plan;

- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of our Company;

- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

- Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity, and recommend for any amendment or modification thereof, as necessary;

- Keep the Board of directors of our Company informed about the nature and content of its discussions, recommendations and actions to be taken;

- Review the appointment, removal and terms of remuneration of the chief risk officer (if any);

- 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 of directors; and

- Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the SEBI Listing Regulations.

IDENTIFICATION OF RISKS

The Policy aims to cover, amongst others, the following key areas/ risks which will form part of the Risk Register.

Strategic risks:

Strategic risks are those risks that arise from the fundamental decisions that company takes concerning an organisation's objectives. The key business decisions can have a significant impact on their short and long-term growth potential. Entering into new areas may be required to meet strategic objectives and sustainability goals; and in order to have a competitive edge, businesses acquire new resources or invest in strategic partnerships to shape innovative product segments or technologies. Such decisions, however, will come with a fair amount of risks, inherent, or otherwise. Further the ever-changing economic policies may influence the strategies and performance of the Company. The Company will keep a close watch on the upcoming policies , mismatch in demand and supply, among others and adapt itself accordingly. Strategic decisions should be reviewed by all relevant internal stakeholders and run through a robust decision-making process.

Operational risks:

Operational risk is the risk of loss as a result of ineffective or failed internal processes, people, systems, or external events that can disrupt the flow of business operation. Quality or manufacturing defects, labour unrest, accidents, disruption of operations of a plant may affect the operations of the Company. Given the scale of operations, even the slightest disturbance can have a significant impact on work force or revenue and the growth in business further complicates and adds to the severity of the business and regulatory risks. The Company should develop risk mitigation strategies for managing risks in each of the Business Operation areas.

Financial risks:

Financial risk refers to a company's ability to manage its debt and financial leverage .The financial risks relate to adequate liquidity for routine operations and availability of funds for business expansion, , impact of currency fluctuations due to entry in newer geographies, change in credit ratings, currency fluctuations, among others. The financial performance of its subsidiaries, associates and any other affiliates that may adversely affect the Company's results should be closely monitored. The Company has adopted various measures to hedge currency fluctuations exposures based on the cost-benefit analysis and the extent of exposure. The Company works on an ongoing basis on cost reduction, weight reduction, alternate materials, digitisation and process improvement exercises. The Company also considers Make in India initiatives for sourcing of standard raw materials from Indian market at lowest cost option.

Compliance and Regulatory risks:

Compliance risk is the risk that a company will have been determined to be in violation of already established laws or regulations. Non-compliance to the applicable laws may result in liabilities and may affect the reputation of the Company. The Company has proper systems in place to prevent such non-compliance of applicable laws to the Company.

Regulatory risk is the risk that a change in laws and regulations will materially impact a security, business, sector, or market. The frequent changes in regulatory norms require the Company to be prepared and update the products with the applicable standards.

The Company should constantly monitor and comply with the frequent changes in the compliance and regulatory norms in which it operates.

Technology risks:

Technology risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fires, etc. The Company is committed and taking every steps to embrace new technologies. However, even these are prone to risks associated with disaster preparedness, data security, information privacy, legal compliance, etc. The technology risks should be mitigated by continuous R&D initiatives of the Company, keeping abreast with the global changes, promoting entrepreneurial skills of the personnel and developing in-house solutions or procuring them.

Sustainability risks:

Sustainability risk means an environmental, social or governance ("ESG") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. i.e. the financial condition or operating performance of a company. Emerging global scenarios as regional tension having serious uncertainties for businesses both in domestic as well as global markets affecting spending powers of individual and businesses had to come up with innovative practices to manage this. Also climate change has made the mobility sector focus even more on the non-traditional energy sources. With a focus on long-term value creation, the Company should work on ESG Integration, Product Level Sustainability Risk Management, and Ongoing Monitoring and Escalation.. Oversight and escalation processes are implemented to monitor continued incorporation of sustainability risk

Cyber Security and Information Technology risks:

Digital can not only make business more efficient and profitable but also more agile and smarter. The Company has a significant focus on the Cyber Security threats. The Company identifies cyber security risks based on evolving threat situations and will take proactively steps frequently and periodically to mitigate the same. the Cyber Security has been strengthened even more and the mitigation actions should be monitored periodically.

Business Continuity Planning:

The Company recognizes the importance of Business Continuity Planning for the smooth running of business particularly during unfavourable times. The Company focuses on business continuity, both from a business operations sustainability viewpoint as well as employee welfare measures perspective. The Company will focus on key action steps, roles and responsibilities, trigger mechanisms, turnaround times, etc. to be always prepared to tackle any situation that can potentially affect the business operations.

RISK MITIGATION:

To ensure that the above risks are mitigated, the Company will strive to:

- ✓ Involve all functions in the overall risk identification and mitigation exercise;
- ✓ Have an objective framework to categorize risks and define the level at which it should be addressed;
- ✓ Link the risk management process to the strategic planning and internal audit process;
- ✓ Promote a culture of calculated risk taking to identify new initiatives coupled with thoughtful risk mitigation approach;
- ✓ Formalize a transparent risk information system across the organization with structured templates.

Adequate disclosures pertaining to the risks being faced by the Company, may be made as per the materiality criteria defined in the 'Policy for determination of materiality for disclosure of events or information' of the Company. The Risk Register will include guidance on impact and probability of the risk impact which in effect is the identification of risk appetite for the Company. Risks identified in the Risk Register will have a risk description, risk functional owner and initiatives with timelines and responsibilities for risk mitigation.

REVIEW

This Policy shall be reviewed by the Risk Management Committee and approved by the Board of Directors as and when required or at least once in two years and updated accordingly.

LIMITATION AND AMENDMENT

In the event of any conflict between the Act or the SEBI Listing Regulations or any other statutory enactments ("Regulations") and the provisions of this Policy, the Regulations shall prevail over this Policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this Policy.

The Company reserves its right to alter, modify, add, delete or amend any or all of the provisions of the Policy as it may deem fit or in accordance with the guidelines and regulations as may be issued by Securities and Exchange Board of India, Ministry of Corporate Affairs, Government of India or any other regulatory authority, as the case may be.