

RISK MANAGEMENT POLICY

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the Board of Director of the Company
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1. Introduction

Kaushalya Infrastructure Development Corporation Limited implement the risk management framework and recognizes that risk is an integral part of our business framework is designed as an end-to-end structure for identifying, managing, and reporting risks across the Group's operations to the Board on a quarterly basis.

This Policy establishes a robust and forward-looking risk management framework to safeguard the Company's assets, enhance operational efficiency, and ensure long-term value creation for stakeholders.

2. Objective

- To identify, assess, and manage risks that may impact the Company's business, operations, and financial performance.
- To establish a structured and enterprise-wide risk management framework.
- To ensure compliance with applicable laws, regulations, and corporate governance requirements.
- To safeguard the interests of stakeholders, including shareholders, employees, and customers.
- To minimize potential losses and disruptions through effective risk mitigation strategies.
- To promote sustainable growth and business continuity in a dynamic business environment.

3. Risks and Response

Risks:

Risks are the possibility of occurrence of events or conditions, arising from internal or external factors, that may adversely affect the Company's business objectives, operations, financial performance, reputation, or compliance status.

The increasing frequency and intensity of climate-related changes pose risks to physical assets, operations, and value chains.

Response:

The Company adopts a structured approach to manage risks through risk avoidance, mitigation, transfer, or acceptance, depending on the nature and severity of the risk. The Company also ensures continuous monitoring and review of risks through established internal systems and controls.

The establishment set-up internally by our esteem organisation are responsible for ensuring the all kinds of risks which impact our business operations and also trying to reduce the risks effectively.

Given the dynamic and developing business environment, the Company follows a proactive and adaptive approach by continuously monitoring external factors, strengthening internal processes, and enhancing resilience to ensure sustainable growth.

4. Dynamic Risk Management Approach

The Company operates in a dynamic and evolving business environment characterized by regulatory changes, economic fluctuations, and hospitality industry challenges. Accordingly, the Company adopts a proactive and adaptive risk management approach by:

- Continuously monitoring external developments
- Strengthening stakeholder engagement
- Enhancing operational flexibility
- Undertaking scenario analysis and stress testing
- Building resilience through diversified operations and strong governance practices
- Analyse what the techniques are used by our competitors to survive in these industries.

5. Responsibilities of the Board of Directors

The Board of Directors shall have the overall responsibility for overseeing the risk management framework of the Company. It shall lay down and approve the Risk Management Policy, ensure the establishment of effective risk management and internal control systems, and periodically review of key risks and mitigation measures.

The Board shall also ensure that appropriate mechanisms are in place for identification, assessment, and reporting of risks, and that the Company remains compliant with applicable laws and regulations. Further, it shall ensure that risk exposures are maintained within acceptable limits and promote a culture of risk awareness and accountability across the organization while taking strategic decisions to manage significant risks.

The Board of Directors shall have the overall responsibility for monitoring the risk management framework of the Company. The Board may, if considered necessary, constitute an appropriate committee to assist in discharging its responsibilities relating to risk management.

6. Internal Audit

The Internal Audit function shall provide independent assurance on the effectiveness of the Company's risk management framework and internal control systems. It shall periodically review the processes for identification, assessment,

and mitigation of risks, and evaluate the adequacy and effectiveness of controls implemented to manage such risks.

Internal audit planning is approached from a risk perspective. Inputs are gathered from senior management, business teams, and the Audit Committee, ensuring that audits are aligned with the identified risks. This process also considers financial analysis and the current economic and business environment to ensure the most relevant risks are addressed.

Internal Auditor shall also responsible for reporting key observations, gaps, and recommendations to the management and the Board, and monitor the timely implementation of corrective actions.

7. Risk Management Framework

The Board is responsible for establishing and implementing a system for identifying, assessing, monitoring and managing material risk throughout the Company. The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are to be continuously benchmarked with international best practices.

At present, it is the responsibility of the Board to assess the adequacy of the Company's internal control systems and that its financial affairs comply with applicable laws and regulations and professional practices. Regular consideration is given to all these matters by the Board. The Company has in place an internal control framework to assist the Board in identifying, assessing, monitoring and managing risk. The framework can be described under the following headings:

- Continuous Disclosure/ Financial Reporting
- Operations Review
- Investment Appraisal

The Company's internal control system is monitored by the Board and assessed regularly to ensure effectiveness and relevance to the Company's current and future operations. Procedures have been put into place to ensure the Chairperson and Managing Director (the "CMD") and the Chief Financial Officer (the "CFO") provide a statement in writing to the Board that the integrity of the financial statements/reports is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively.

8. Business Continuity & Resilience

The Company is committed to ensuring continuity of its operations and minimizing the impact of unforeseen events or disruptions. The Company

endeavours to maintain appropriate business continuity measures to safeguard the interest of its operations, assets, employees, and stakeholders.

The Company adopts a proactive approach to identify potential disruptions, including operational, technological, environmental, and external risks, and implements suitable mitigation and response strategies. This includes maintaining necessary systems, processes, and controls to ensure timely response and recovery.

The Company also strives to enhance its resilience by strengthening internal capabilities, ensuring operational flexibility, and periodically reviewing its preparedness to effectively manage disruptions and sustain business operations.

9. Governance Structure

Board of Director

The Board of Directors shall have the responsibility of ensuring overall performance of the company to achieve this there are the several departments are working in different core areas of business some of them are below mention:

1. Accounts Department

The Department are headed by the Chief Financial Officer (CFO) are responsible for identification, monitoring, and management of financial risks of the Company. This includes ensuring effective cash flow management, monitoring liquidity and funding requirements, managing credit risk and receivables, and maintaining robust financial controls. The department shall also ensure compliance with applicable financial regulations, accurate financial reporting, and timely identification of any financial irregularities or exposures.

2. Secretarial Department

The Department are headed by the Company Secretary (CS) official Known as Compliance Officer are responsible for monitoring and ensuring compliance with applicable laws, regulations, and corporate governance requirements. It shall identify and manage regulatory and compliance risks, ensure timely filings and disclosures with regulatory authorities and stock exchanges, and advise the Board and management on changes in legal and regulatory frameworks. The department shall also facilitate implementation of policies and ensure proper documentation and record-keeping.

3. Other Departments

All other departments shall be responsible for managing risks within their respective areas, ensuring adequate controls, and reporting significant risks to management for timely action.

10. Risk Reporting & Review

The Company has established appropriate mechanisms for periodic reporting and review of risks. The identified risks, along with their mitigation measures, shall be monitored by the respective functional heads and reported to the Senior Management on a regular basis through which they ensure that the all the respective department are able to handle the upcoming risk in the future to protect our company.

Significant risks and material developments shall be escalated to the Board of Directors for its review and guidance. The effectiveness of the risk management framework shall be periodically reviewed to ensure its adequacy and alignment with the Company's business objectives and regulatory requirements.

The Company shall continuously monitor the risk environment and update its risk management practices, as necessary, to address emerging risks and changing business conditions.

11. Disclosure

This Risk Management Policy is framed in accordance with applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

The Policy shall be placed on the website of the Company and shall be accessible to stakeholders. The Company shall review and update the Policy periodically to ensure its continued relevance and compliance with applicable laws and business requirements.

12. Conclusion

The Company is committed to maintaining a robust and effective risk management framework to identify, assess, and mitigate risks in a structured manner. Through a proactive and disciplined approach, the Company aims to enhance operational efficiency, ensure regulatory compliance, and safeguard stakeholder interests.

The Policy reflects the Company's commitment to sustainable growth, strong corporate governance, and long-term value creation.