A. Introduction and Objective

1. The Risk Management Policy ("Policy") is formulated under the requirements of Regulation 17(9)(b) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), which requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

2. 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. 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 evaluating and mitigation related issues.

B. Effective Date

This Policy shall come into force from the date of listing of equity shares of the Company on the stock exchanges.

C. Constitution of Risk Management Committee:

1. The Board has constituted the "Risk Management Committee" and it is in line with the requirements of the Listing Regulations. This Policy and the Terms of Reference of Risk Management Committee are integral to the functioning of the Risk Management Committee and are to be read together.

2. At least one Independent Director on the Board of the Company shall be a director on the Board of the Material Unlisted Subsidiary Company.

3. The Board has authority to reconstitute the Risk Management Committee from time to time as it deems appropriate.

D. Philosophy and approach to Risk Management

Risk Management is integral to Lumino Industries Limited's (LIL/ Company) strategy and to the achievement of the Company's long-term goals. Our success as an organization depends on our ability to identify and leverage the opportunities created by our business and the markets, we operate in.

The Company defines risks as actions or events that have the potential to impact our ability to achieve our objectives. The Company identifies and mitigates downside risks such as loss of money, reputation or talent as well as upside risks such as failure to deliver strategy, if it does not strengthen brand equities or grow in growing channels. Risks shall be addressed effectively at each level through an appropriate organization and commensurate allocation of resources. The Company's Risk Management approach is embedded in the normal course of business.

Risk Management will be applied in a transparent environment, to sustain the business growth and profitability in a competitive market through structured risk taking and risk mitigation processes.

E. Classification of Risks:

a) Business Risk: It includes the risks associated specifically with the company and having an adverse impact on the company's capability to execute activities critical for business growth, thereby affecting its near-term performance.

b) Operational Risk: These are those risks which are associated with operational uncertainties, force majeure events like floods affecting operations, internal risks like attrition etc.

c) Strategic Risk: It includes range of external events and trends (like Government policy, Competition, Court Rulings or a Change in Stakeholder requirements) that can adversely impact the company's strategic growth and destroy shareholder value.

F. Governance of LIL, Organizational structure and Delegation of authority

LIL's organizational structure is designed to respond to all the key risks that we face in the short, medium and longer term and reflects all relevant external requirements in relation to good corporate governance.

G. Code of Business Principles, Code Policies and Standards

Our Code of Business Principles sets out the standards of behaviour that we expect all employees to adhere. Day to day responsibility for ensuring these principles are applied throughout LIL, rests with senior management across functions.

H. Imperatives:

All employees and above must implement LIL's Principles of Risk Management as follows:

- **Accountability**: Identify and manage the risks that relate to their role;
- **Risk Appetite**: Determine the level of risk, after the implementation of controls, that they are prepared to accept such that there is no significant threat to achieving their objectives; and
- **Risk Mitigation**: Put adequate controls in place, and ensure that they are operational, in order to deliver their objectives.

All leadership teams must complete an annual holistic risk discussion during which:

- Key business risks for which they are responsible are identified;
- How those risks are being managed is reviewed; and
- Any gaps in their desired risk appetite are identified. For those risks where significant gaps have been identified, leadership teams must perform regular reviews and ensure risks are mitigated as desired. All project leaders of transformational projects must, together with their teams, identify the key risks associated with their project achieving its objectives. Risk mitigation plans must be prepared and progress reviewed with the project steering group.

I. Risk Oversight

Board of Directors:

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company. The Board shall on recommendation of the Risk Management Committee adopt the Risk Management Policy and critically review the risk governance and monitoring mechanism. The Board shall meet at least once in a year to review the top risks faced by the Company and the status of their mitigation plan.

Audit Committee:

The Audit Committee shall meet at least once in a year to oversee the risk management and internal control arrangements and shall also evaluate internal financial controls and risk management systems of the Company.

Risk Management Committee:

Risk Management Committee shall assist the Board in framing policy, guiding implementation, monitoring, and reviewing the effectiveness of Risk Management Policy and practices. The Committee shall act as a forum to discuss and manage key strategic and business risks.

J. Business Continuity Plan

Business Continuity Plans (BCP) are required to be defined for High Impact & High Velocity risk, 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 for products, systems and processes etc.

K. Policy review

This Policy is framed based on the provisions of the Listing Regulations. In case of any subsequent changes in the provisions of Listing Regulations or any other applicable law which make the provisions in the Policy inconsistent with the Listing Regulations or any other applicable law, the provisions of the Listing Regulations and such law shall prevail over the Policy and the provisions in the Policy shall be modified in due course to make it consistent with the law.

The Policy shall be reviewed once in every two years by the Risk Management Committee. Any changes or modification to the Policy shall be recommended by the Committee and be placed before the Board of Directors for approval. The Board shall review this Policy to ensure it remains consistent with the Board's objectives and responsibilities, and in accordance with applicable laws.

L. Disclosure of the Policy

The Policy will be uploaded on the website of the Company and a web link thereto shall be provided in its Annual Report.