

Resilience by Design

Strategic identification and mitigation of risks are essential to guiding an organisation's long-term, sustainable growth. Recognising this, we prioritise risk management and continue to implement effective measures for robust risk assessment and mitigation. Introduced in FY 2022-23, our Company's Risk Management Policy serves as a strong foundation for our risk governance framework.

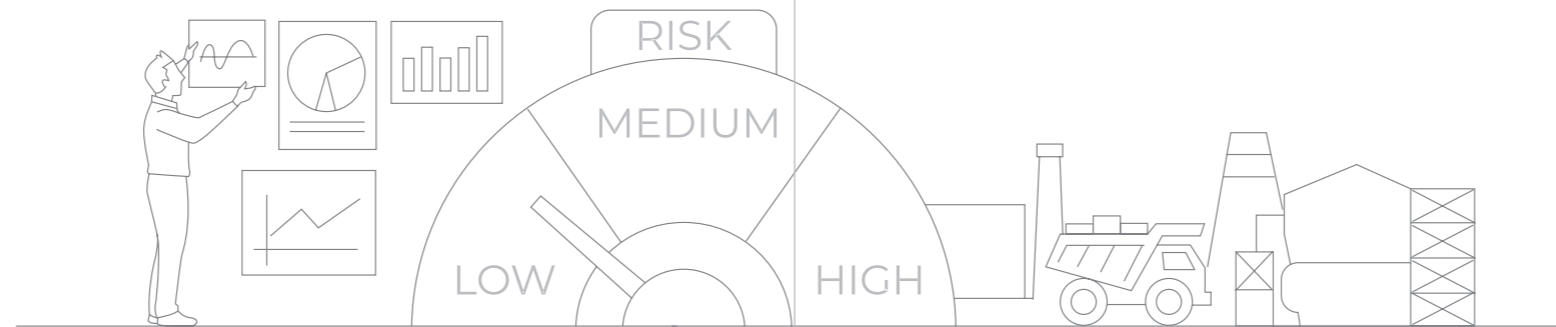


Risk Management Policy

Our Company's risk management policy is steered by the Risk Management Committee (RMC), comprising Directors and Officers or Employees of our Company, as determined by the Board from time to time. The policy is reviewed periodically by the Committee, enabling the Management to monitor and address risks through a structured and coordinated approach. Implementation is undertaken by the respective Heads of Departments, either jointly or individually, depending on their functional responsibilities, with regular reporting submitted to both the Board and the RMC.

Features of the Policy

- › Applicable to all our operations and support functions
- › Outlines the practices followed for risk management
- › Provides a defined approach for risk identification and management, in accordance with the requirements of the Companies Act, 2013
- › Seeks to ensure resilience of growth and sound corporate governance
- › Complies with the applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and provision of the Companies Act, 2013



Risk Management System and Procedure

Our Risk Management System and Procedures are designed to identify existing and potential risks across our Company. They are structured around key measures aimed at minimising risks that may present both challenges and opportunities for us. The Risk Management framework comprises defined processes, structures and guidelines that enable the identification, assessment, monitoring and management of business risks, including any material changes to our Company's risk profile. The framework is overseen by the Board of Directors and the Risk Management Committee (RMC). The Board also reviews and ratifies the risk management structure, processes and guidelines developed and maintained by the RMC and Senior Management, considering the evolving needs of our Company.

Strengthening Risk Governance

At LMEL, the responsibility for ensuring effective risk management along with robust internal control systems and processes rests with the Risk Management Committee (RMC). The Committee regularly reports to the Board on the effectiveness of our Company's risk management framework. Employees across our Company are responsible for implementing, managing and monitoring actions related to relevant internal and external business risks.



Effective Risk Management

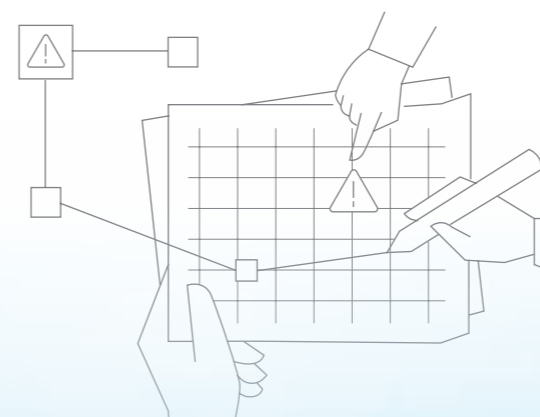
Our Risk Management Framework enables us to effectively identify, assess and manage risks across our operations. Approved by the Board, the framework comprises clearly documented policies and procedures, detailed checklists to guide activities and project plans for recording risk management actions, and a structured system of internal and external reporting. Based on the risks identified, we have also developed a risk assessment matrix that serves as a benchmark for the planning and implementation of risk mitigation measures, aligned with the nature, scale and complexity of our business operations.

Risk management follows a well-defined and systematic methodology. The process begins with establishing the context through the documentation of the Risk Management Framework. This is followed by risk categorisation, where potential risks are identified based on our Company's key business activities. The identified risks are then evaluated and classified into categories such as 'Critical', 'High', 'Significant', 'Medium' and 'Low' based on their potential.

Risk Identified

Risk Category	Key Risk Identified	Potential Impact	Mitigation Measures	Risk Heat
Largest Asset Dependency	High reliance on Surjagarh Iron Ore Mine	Revenue and EBITDA volatility, supply disruption, working capital stress	Security, inventory buffers, alternate sourcing, liquidity reserves, diversification	↑
Legal and Regulatory	Land disputes, arbitration, regulatory exposure	Penalties, sanctions, reputational impact	Compliance framework, provisioning, Board oversight	↑
Strategic Execution	Large capex projects	Cost overruns, delays, ROI pressure	Governance, milestone execution, audits, capital discipline, FX management	↑
Geopolitical	Global trade dynamics, export exposure	Demand/pricing volatility, currency risk	Diversification, hedging, partnerships, order flow strategy	↑
Geographic Concentration	Operations concentrated in Maharashtra	Operational disruptions, revenue volatility	Diversification, BCP, insurance, local engagement	→
Operating Risks	Infrastructure, equipment, safety	Downtime, safety incidents, cost escalation	Maintenance, backups, safety controls, contingency planning	→
Market Volatility	Cyclical demand and price changes	Revenue and margin volatility	Flexible pricing, hedging, diversification	→
Logistics and Infrastructure	Dependence on road transport	Cost inefficiencies, disruptions	Pipeline expansion, multi-modal logistics, buffer stock	↓
Resource Estimation	Geological uncertainty	Reduced mine life, valuation impact	Audits, modelling, reassessment	↓

Aligned with evolving developments across our organisation and any resulting changes in our Company's risk profile, our Risk Management System encompasses both internal and external risks. It is built on a structured and systematic process, supported by clearly defined compliance measures that help identify, assess and address potential risks across our Company. This framework ensures a holistic and disciplined approach to risk management, spanning the entire risk management lifecycle of our Company.



- ✓ **Communication and Consultation**

With internal and external stakeholders, as appropriate, at each stage of the risk management process, and with respect to the whole process
- ✓ **Recording of Risks**

Documenting of all identified risks in the risk register; identifying where, when, why and how events could lead to possible prevention, degradation, delay or enhancement of the achievement of our goals and targets
- ✓ **Analysis Risks**

Identification and assessment of existing controls; determination of consequences and likelihood, and hence the level of risk, by analysing the range of potential consequences and their possible occurrence
- ✓ **Evaluation of Risks**

Benchmarking of projected risk levels with pre-defined criteria, and balancing the potential benefits with adverse outcomes; helps in making decisions with respect to the extent and nature of treatments required and the priorities for our Company
- ✓ **Risk Treatment**

Development and implementation of cost-effective strategies and action plans for boosting potential benefits and minimising potential costs
- ✓ **Monitoring and Review**

Monitoring of the effectiveness of all steps of the risk management process to enable continuous improvement, and ensure that transformations in circumstances do not impact priorities