JOYALUKKAS INDIA LIMITED

POLICY FOR INTIMATION TO THE BOARD ABOUT RISK ASSESSMENT AND MINIMIZATION

[Pursuant to Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 & Applicable Provisions]

Policy Number: 03/2021
Policy Owner: JOYALUKKAS INDIA LIMITED
Approved by: Board of Directors
Approved on : OCTOBER 18, 2021

1. INTRODUCTION:

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the activities of JOY ALUKKAS INDIA LIMITED (hereinafter referred as the "Company"). Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 17(9), 2015 ("Listing Regulations"), as amended and other applicable provisions (including any statutory enactments / amendments thereof), Joyalukkas India Limited (the "Company") has decided to formulate its Policy for Risk Assessment and minimization procedures ("Policy"). Accordingly, the Board of Directors of the Company (the "Board") has approved this Policy for the Company at its meeting held on October 18, 2021.

2. OBJECTIVE:

The Company is prone to inherent business 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. 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.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are; strategy, operations, human resources, regulations, competition, business environment, technology, investments, retention of talent and expansion of facilities etc. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

3. DEFINITIONS:

a) **"Audit Committee"** - means "Audit Committee" constituted under Section 177 of the Companies Act, 2013 by the Board of Directors of the Company, and the provisions of Listing Agreement entered into with the Stock Exchanges.

b) **"Board"** means Board of Directors of JOYALUKKAS INDIA LIMITED.

c) **"Company"** means JOYALUKKAS INDIA LIMITED

d) **"Risk"** is defined as the chance of a future event or situation happening that will have an impact upon company's objective favorably or unfavorably. It is measured in terms of consequence and likelihood.

e) **“Risk Management”** encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring

4. RISK APPETITE

A critical element of the Company’s Risk Management Framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of the business objectives.

The key determinants of risk appetite are as follows:

i. Shareholder and investor preferences and expectations;
ii. Expected business performance (return on capital);
iii. The capital needed to support risk taking;
iv. The culture of the organization;
v. Management experience along with risk and control management skills;
vi. Longer term strategic priorities.

Risk appetite is communicated through the Company’s strategic plans. The Board and management monitor the risk appetite of the Company relative to the Company’s actual results to ensure an appropriate level of risk tolerance throughout the Company.

5. RISK MANAGEMENT FRAMEWORK

We adopt systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. We believe that this would ensure mitigating steps proactively and help achieve stated objectives. The Enterprise wide Risk Management Framework focuses on four key elements and these are

i. Risk Identification
ii. Risk Assessment
iii. Risk Management and Control
iv. Risk Monitoring & Continuous Assessment

(I) RISK IDENTIFICATION

To ensure key risks are identified, The Company:

- Defines the risks in context of the Company’s strategy;
- Documents risk profiles, including a description of the material risks; and
- Regularly reviews and updates the risk profiles.

(II) RISK ASSESSMENT

The Risk assessment methodology shall include:

- Collection of information;
- Identification of major risks;
- Rating of Each risk based on
    - Consequence
    - Exposure
    - Probability /Likelihood of the Risk
- Prioritization of the Risk
- Function wise exercise on risk identification, risk rating and control.
- Function wise setting of the level of responsibility and accountability.

(III) MEASUREMENT AND CONTROL

Identified risks are then analyzed and the manner in which the risks are to be managed and controlled are then determined and agreed. The generally accepted options are;

If possible it is essential for calculating the financial implications of the risks identified to the business. The potential impact of Likelihood of the risks vs Cost of mitigating the identified risk should be analyzed on an annualized basis. And based on such assessment and comparison, the following risk mitigation measure strategy can be adopted by the company.

i. **Risk Acceptance** : accepting the risk (where it is assessed the risk is acceptable and where avoiding The risk presents a greater risk through lost opportunity);

ii. Managing the Risk: Taking adequate measures, controls or procedures to mitigate the risk.

iii. Risk Avoidance – Completely avoiding the risk, by not engaging in the activity or the process that gives the risk exposure.

iv. Transferring the Risk – Transferring the risk through outsourcing arrangement.

v. Financing the Risk - Financing the risk through insurance arrangements.

(IV) RISK MONITORING AND CONTIOUS ASSESSMENT

The Company's Risk Management Framework requires continuing cycle of implementing, monitoring, reviewing and managing the risk management processes.

6.RISK PROFILE

The identification and effective management of risks is critical in achieving strategic and business objectives of the Company. The Company's activities give rise to a broad range of risks which are considered under the following key categories of risk:

A. Strategic Risks

a. Lack of responsiveness to changing market/economic conditions including commodity price, prices and exchange rates that may impact Company's operation.
b. Ineffective or Poor Strategies developed
c. Ineffective execution of the Strategy
d. Changes in Demand Vs Supply

B. Operational Risks

a. Profitability Risks
b. Business Interruption Risks
c. Adverse market conditions
d. Unexpected increase in cost to run the businesses
e. Inadequate processes, people and systems for running the businesses.

C. Financial Risks

a. Finance performance does not meet expectations
b. Capital is not effectively managed or utilized
c. Inadequate Cash flows to meet financial obligations
d. Financial results are incorrectly accounted for or disclosed
e. Credit/Market/ Liquidity Risks.

D. Investment Risks

Failure to provide expected returns for defined objectives.

E. Peoples Risks

a. Inability to attract and retain quality people;
b. Inadequate succession planning;
c. Inappropriate work culture& ethics;
d. Inefficient whistle blower mechanism

e. Unrest due to strikes/ lockouts etc.

F. Legal /Regulatory Risk

a. Legal / Commercial rights and obligations are not clearly defined or misunderstood; and
b. Commercial interests not adequately protected by legal agreements.

G. Compliance Risks

Non-conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

H. Systems/Technology Risks

System capability System reliability Data integrity risks Coordinating and interfacing risks. Data lost in communication and also threats from external sources.

I. Disaster Risks may be Natural as well as manmade disasters.

a. Exposure to risks of nature like fire, flood, earthquake, tsunami etc.
b. Accidental risks due to occupational hazards, third party risks etc.
c. Riks due to system failures / corruptions or human imposed disasters like viruses, hacking etc.

J. Risk of Frauds

a. Frauds committed by the employees that can affect the businesses
b. Theft of key information's, strategy or customer data , that can cause serious risks to the businesses.

7. GOVERNANCE AND STRUCTRE

The Company's Risk Management Framework is supported by the Board of Directors, Management and the Audit Committee.

a) Board of Directors

The Board will undertake the following actions to ensure risk is managed appropriately:

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;

- Ensure that the appropriate systems for risk management are in place;
- Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;
- Be satisfied that processes and controls are in place for managing less significant risks;
- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into board reporting and annual reporting mechanisms.

b) Management

Management is responsible for monitoring and whether appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met;

- To assist the Board in discharging its responsibility in relation to risk management;
- When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks;
- Reporting to the Board of Directors consolidated risks and mitigation strategies on a half yearly basis.

c) Audit Committee

The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company. The Committee is also responsible for monitoring overall compliance with laws and regulations.

8. REVIEW OF THE POLICY

The Board will review this Policy from time to time to ensure it remains consistent with the Board's objectives and responsibilities.

9. COMMUNICATION OF THE POLICY

The key features of the Policy will be posted on the website of the company.