



JAMNA AUTO INDUSTRIES LIMITED

RISK MANAGEMENT POLICY

1. Introduction

Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires listed companies to prepare a framework for risk determination, assessment, minimization and mitigation. Pursuant to requirements of Regulation 21 of the Listing Regulations, the Company formalizes its systems put in place to lay down Risk Management Policy.

2. Objectives

The objective of the Policy is to identify and evaluate risks which can have critical impact and to take appropriate steps to control, minimize, manage and mitigate such risks.

3. Risk Management Framework

The Company has established following three layer framework for risk identification, evaluation, control, minimization and mitigation:

- (a) All head of departments are responsible for identifying and assessing risks within their area of responsibility and report to Risk Management Committee (the Committee).
- (b) The Committee shall evaluate such risk and suggest actions to be taken to control, minimized & mitigate the risk. Department heads shall be responsible for implementation of action suggested by the Committee.
- (c) The Committee shall periodically review the risks report and shall inform to the Audit Committee about major risks faced by the Company and mitigation action thereof in case the Committee considers so.
- (d) The Audit Committee shall periodically review details received from the Committee and shall report to the Board in case the Audit Committee considers so.

4. Identification of External and Internal Risks and measures for Risk mitigation

On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management.

In evaluation and mitigation of risk the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in the following areas:

(I) Economic Environment Risk

The Company is operating in Commercial Vehicles segment having significant interest in M&HCV segment as its major customers are OEMs. Any slowdown in this segment has a direct impact on Company's performance.

Risk Mitigation

The Company has been expanding its customer base and markets. The Company has increased its presence in domestic and export aftermarket. The Company has also expanded product base by including new generation value added products like 'lift axles' and 'air suspension' in its products list.

(II) Competition Risk

Like in any other business, the Company also faces competition in its business.

Risk Mitigation

The Company is the only auto suspension manufacturer in India having plants at multi locations and supplying more than 400 types of springs OEM. The Company's strong R&D, technological and quality capabilities also gives it a competitive edge against any competitor. The Company is the only Indian player with a comprehensive presence across conventional, parabolic, air suspension and lift axles. The Company is also forcing to increase its operational efficiency to move up in the quality scale besides cost reduction and cost control initiatives.

(III) Financial Reporting and Accounting Fraud Risks

Today business is subject to numerous laws and regulation, which keeps changing. Frequent change in laws and regulations create uncertainty for the business as these changes are subject to varying interpretations. This results in continuing uncertainty regarding compliance matters and higher costs of compliance.

On the other hand accounting fraud are business scandals arising out of misusing or misdirecting of funds, overstating revenues, understating expenses etc.

Risk Mitigation

The Company commits itself to maintain high standards of corporate governance and disclosure and to comply with applicable laws and regulations. The Company encourages employees to obtain professional guidance and opinion from advisors to ensure total compliance. At the same time advises and suggestion received time to time from professional and industry bodies like chamber of commerce etc. are also carefully studied and acted upon where relevant.

The Company has an established vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud. Code of conduct is enforced and being monitored in the organization for business ethics. Control process are implemented which lay down detail procedure for any proposed transaction. The Company has established system of multiple authorizations with cross checks to prevent collusion and concentration of authority among executives.

(IV) Compliance Risk

Every organization is governed by various laws and has to do its business within four walls of law where the organization is exposed to compliance risk exposure.

Risk Mitigation

The Company forces strict adherence to the accounting standard, applicable laws & regulations and internal control systems. To ensure timely compliance of all day to day compliances as applicable under various laws and regulations compliance management system is established. Compliance report of various laws and regulation applicable to the Company is placed before the Board meeting in each quarter.

(V) Human Resource Risks

Every organization is exposed to human resource risk which includes employee turnover risk, skill development, employee unrest risk like strikes and lockout.

Risk Mitigation

The Company has recruitment policy for recruitment of personnel at various levels to ensure that the right person is appointed and assigned to the right job. Compensation packages are inclusive of the proper incentives and take into account welfare measures for the employee and their family. The Company is having appraisal system for revision of compensation on periodical basis which is consistent with job content, peer comparison and individual performance.

Regular training sessions are organized for upgrading employee's skill. Flow of information is well defined to avoid any conflict or communication gap between two or more employees or departments. The Company commits compliance with applicable labour laws.

(VI) Foreign Exchange Risk

The Company is also exposed to risk on account of adverse currency movements in global foreign exchange markets.

Risk Mitigation

The Company is managing the uncertainty and volatility of foreign exchange fluctuation by hedging the risk to achieve greater predictability and stability. Without venturing into the speculative aspects of dealing in currency derivatives, the Company hedges its foreign exchange exposure partly through exports and depending upon the market situations partly through forward foreign currency.

(VII) IT Risk/Cyber risk

Information Technology risk (IT risk) includes risk pertaining to system capability, reliability and data integrity risks.

Risk Mitigation

The Company's IT department has trained professional in software and hardware. The Company uses licensed software and anti-virus uploaded to prevent the systems from miscarriage. Periodical backup of all the systems is taken to prevent miscarriage of data. To ensure data integrity password protection is provided at different levels and access control/ restrictions.

Company's policy defends security of computers, servers, electronic systems from malicious attacks. Policy includes few common categories i.e. network, application, information, operational security and having disaster recovery for business continuity.

(VIII) Environmental, Social and Governance (ESG Risk)

ESG risks are the environmental, social and governance-related risks that may impact the company. The Company has principles based approach to integrate ESG risks into existing risk management framework.

(IX) Disaster Risk/ Business Continuity Plan

Natural calamities like fire, floods, earthquakes etc. can-not be predicted properly, however by adopting proper risk management the gravity of such disaster can be reduced to minimize.

Risk Mitigation

All the properties of the Company are insured and all insurance policies are periodically reviewed from the point of adequacy, rates, and risk covered. As a part of Quality Management Systems Manual the Units have contingency plan to identify and evaluate internal and external risks to manufacturing processes and infrastructure equipment essential to maintain production output. Contingency plan covers risk from natural disasters, fire, utility and infrastructure disruptions and periodically being reviewed for effectiveness. Units also have "On Site Emergency Plan", wherever applicable, for handling major emergencies inside the factory premises, with a view to minimize loss of life, damage to property and environment and to bring the situation under control as quickly as possible.

Disclaimer

The risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks.