JTL INDUSTRIES LIMITED
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STEEL PIPES

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JTL INDUSTRIES LIMITED

RISK MANAGEMENT POLICY

1. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of **Section 134(3)(n) of the Companies Act, 2013** necessitate that the Board's Report should contain a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

Further, the provisions of **Section 177(4) of the Companies Act, 2013** require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall *inter alia* include evaluation of risk management systems.

Further **Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** provides that the listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures and the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Further, Pursuant to Regulation 21 of SEBI(LODR), 2015, Risk Management Committee shall be applicable to top 1000 listed entities determined on the basis of market Capitalization as at the end of immediate previous year. The Company falls under top 1000 listed entities as on March 31, 2022. The Regulations also provide that the role Committee shall include to formulate a detailed risk management policy.

In line with the above requirements, it is therefore, required for the Company to frame and adopt its **Risk Management Policy** (the "Policy").

2. INTRODUCTION

JTLIndustries Limited (the "Company") is engaged in the manufacture, supply and distribution Edible Oils, Ethanol/ENA, Rice and is also into real estate business. The business activities of the Company carry various internal and external risks.

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor and control the probability and/or impact of uncertain events or to maximize the realization of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realised.

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: Regulations, competition, Business risk, Technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

3. PURPOSE AND SCOPE OF THE POLICY

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 Company's business. This policy has been established by the management, to identify, assess, mitigate, monitor, and report the key risk categories (such as Strategic, Financial, Operational, Regulatory, Reputational, Third-party, Sustainability, Technological Risks) on a periodic basis.In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of this Policy are:

a) To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.

b) To establish a framework for the company's risk management process and to ensure its implementation.

c) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

d) To assure business growth with financial stability.

e) Anticipate and respond to changing economic, social, political, technological environmental and legal conditions in the external environment.

4. APPLICABILITY

This Policy applies to all areas of the Company's operations and all departments.

5. KEY DEFINITIONS

Risk Assessment

The systematic process of identifying and analysing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

Risk Management

The systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

Risk Management Process
The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

Risk Management Policy:
Risk Management Policy is a statement of the overall intentions and direction of an organization related to Risk Management.

Risk Management Framework:
Risk Management Framework is a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout the organization.

Risk Management Plan:
Risk Management Plan is a scheme or an operation plan within the Risk Management Framework specifying the approach, management components and resources to be applied to management of risk.

Risk Strategy:
The Risk Strategy of an organization defines its readiness towards dealing with various risks associated with the business. It describes the organization's risk appetite or tolerance levels and decision to transfer, reduce or retain the risks associated with the business.

Risk Owner:
Risk Owner is a person or entity with the accountability and authority to manage risk.

Risk Analysis:
The process of determining how often specified events may occur (likelihood) and the magnitude of their consequences (impact).

Likelihood:
Likelihood means the chance of something happening; whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively and described using general terms or mathematically such as a probability or a frequency over a given time period.

Risk Evaluation:
The process of determining Risk Management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria, to generate a prioritized list of risk for further monitoring and management.

Risk Assessment:
Risk Assessment is the combined process of Risk Analysis and Risk Evaluation.

Risk Treatment:
Risk Treatment is a process to modify a risk. It that deals with negative consequences is also referred to as 'Risk Mitigation', 'Risk Elimination', 'Risk Prevention' and 'Risk Reduction'. It

can create new risks or modify existing risks.

Control:
Control is a measure of modifying risk and includes any process, policy, device, practice or other actions which modify risk. It may not always apply the intended or assumed modifying effect.

6. RISK FACTORS

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

I. OPERATIONAL RISKS:

Timely completion of projects is a major challenge and is dependent upon several factors such as timely availability of inputs, change in technology, strict adherence to manufacturing schedule, compliance with various statutory requirements etc.

All the above factors may lead to delay in project completion which in turn will adversely affect the profitability of the Company.

Violation of safety standards, unsafe acts and conditions may also lead to Lost Time Injuries (LTIs) or fatalities, resulting in delay in project execution, loss of personnel and damage to assets and reputation of JTL .

KEY MITIGATION STRATEGIES FOR OPERATIONAL RISKS:

a) Enhancing in house capability and leveraging from past learning and expertise.
b) Establishing sources of supplies from alternate geographies / vendors.
c) Robust monitoring of all phases of project cycle through establishing adequate mechanism for early triggers / signals by rigorous monitoring of all ongoing projects with reference to critical parameters, on periodic basis.
d) Timely up dation of technology

II. MARKET RELATED RISKS:

- As the business of the Company is subject to various Regulatory compliances, Government policies may affect the business.

- Newer developments in the competitive domestic / global business environment and potential consolidation among competitors may adversely impact the Company’s business.

- Competition from local / global players.

- Financial credentials of the prospective customers.

KEY MITIGATION STRATEGIES FOR MARKET RELATED RISKS

a) Sound market intelligence system

b) Constant updation of all Government Policies & measures by experts and ensuring timely actions

c) Establishing mechanism for in depth analysis of financial health of prospective customers

d) Establishing our edge over the offerings of the competitor on account of our superior and patented technology.

e) Arranging finances to overcome cash crunch

f) Diversification of offerings / portfolio

g) Development of alternate markets

h) Participation in industry consolidation

III. FINANCIAL/ COMMERCIAL RISKS

Commodity Prices Fluctuations:
The Company is exposed to commodity price fluctuations in its business. All major raw materials as well as finished goods, being agro- based, are subject to market price variations. Prices of these commodities continue to be linked to both domestic and international prices, which in turn are dependent on various macro and micro factors. Prices of the raw materials and finished products manufactured by your Company fluctuate widely due to a host of local and international factors.

Interest Rate Risk
Any increase in interest rate can affect the finance cost. Your Company Dependency on debt is very optimum.

Foreign Exchange Risk
Risks are associated with various forex exposures like translation, transaction, economic etc. The Company would have a risk on net import side. Import exposure includes Acceptance, Trade Payables, Trade Buyer's Credit, Interest Payable, CAPEX Buyer's Credit etc. and export exposure includes Trade Receivables etc. There are various financial instruments for hedging available to mitigate these risks like Forward Cover, Options and Derivative etc. Based on the risks involved in the hedging instrument, the Company generally uses Forward Cover as a measure for mitigating the Forex Volatility.

Freight and Port Infrastructure
A substantial part of the international operations of your Company are within the Asian region, and given the following import and export activities of your Company, the element of freight is not likely to cause any adverse effect on the operational performance. Your Company has a proactive information and management system to address the issues arising out of port congestions to the maximum extent possible and has also made sufficient arrangements for storage infrastructure at the ports

Domestic Economy
Your Company is well geared with multi-processing capabilities to cater to the variances and changing consumer preferences. Also, keeping in view the overall growth of the economy, emerging health consciousness and growing retail in India, it is expected that the packaged edible oil consumption will continue to outgrow the overall edible oil growth. The Ethanol business of the Company is also expected to grow further.

KEY MITIGATION STRATEGIES FOR FINANCIAL COMMERCIAL RISKS

a) Periodic thorough analysis of financial health of the customers, integration of business planning and cash flow projections with liquidity management
b) Appropriate foreign exchange hedging policies
c) Implementation of policies of devaluation / impairment of old assets.
d) Prior vetting all contracts for avoiding potential contractual liabilities
e) Ensuring adequate insurance coverage for “Liability” insurances

IV. REGULATORY RISKS

- As Governance norms are becoming more and more stringent day by day, any Non-compliance of these multiple regulatory requirements / norms may result in liabilities resulting in financial loss and also damage to reputation of the Company.
- Change in Government Policies concerning the industry in which the Company operates, either local or international, may adversely affect operations of the Company.

KEY MITIGATION STRATEGIES FOR REGULATORY RISKS:

a) Ensuring all compliances through well established mechanisms
b) Review and monitoring of regulatory requirements for greater clarity.
c) Working with industry associations towards simplification of rules.

V. PEOPLE RISKS

- Attrition at senior level or inability of the Company to attract / retain required skill set up may affect the Company’s business and prospects.
- Any labour dispute or social unrest in regions where the Company operates may adversely affect its operations.
- Employees joining competition may pose many challenges.

KEY MITIGATION STRATEGIES FOR PEOPLE RISKS

a) Adequate succession planning for Senior Management to ensure continuity in business
b) Devising appropriate Human Capital Policies for attracting and retaining best talent.
c) Building relations with kay stakeholders including local / regional Authorities

VI. STRATEGIC RISKS

- Assumptions underlying strategy formulation may go wrong and materially affect the expansion plans of the Company.
- As a sequel to this, the Company may be unable to realise the anticipated benefits of their growth/ expansion plans which could have a material adverse impact on its financial condition.

KEY MITIGATION STRATEGIES FOR “STRATEGIC” RISKS:

a) Periodic robust review of Strategy and taking course corrective measures in line with changed environment.
b) Ensuring that leanings from previous strategies are applied for improved execution and faster implementation of current strategy.
c) Deployment of experienced team with strong review and governance to accelerate the implementation of the strategy

VII. IT RELATED (CYBER RISKS):

IT Risks fall into three major categories as follows:
• External Risks: These risks originate from external environment and may affect the IT infrastructure. Major areas of such risks include- Network, Website, Email, Virus, Malware, Zero-day, and Statutory Compliances.

• Internal Risks: These risks may emanate internally and may affect the IT functioning. Main examples of such internal risks are- System Crash, Data Leak, Mobile.

• Technology Risks: Technology Risks may pose threat due to factors such as obsolescence, Adoption etc.

KEY MITIGATION STRATEGIES FOR IT RELATED RISKS

- Proper back up plans
- Data recovery mechanism
- Cyber security measures
- Monitoring on proactive basis
- Cyber awareness promotion
- Visitors management process
- Web security framework, end point protections, advance threat protections etc.

BUSINESS CONTINUITY PLAN

Business Continuity Plans (BCP) are required to be defined for risks corresponding to High Impact and High Velocity 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 areas like manufacturing units, sales offices, information technology function, etc. The internal crisis management committee shall be responsible for laying out crisis response mechanism, communication protocols, and periodic training and competency building on crisis management. The Crisis Management Committee shall also conduct periodic disaster recovery mock drills to ensure that the organization is prepared to manage any crisis event quickly for business continuity.

Risk Management Activity Calendar

Board of Directors	Annual
Audit Committee	Half yearly
Risk Management Committee	Bi-annual

– RISK ASSESSMENT CRITERIA

Risk assessment requires grading of risk on two dimensional scales: Risk Impact and Risk Likelihood. Matrix for each of these are given below:

Risk Impact Matrix: Risk impact is measured in terms of financial and non-financial parameters and classified as below:

Impact Category	Financial Impact (% to Revenue)	Non-Financial Impact (Qualitative)

High	>5%	Significant impact on business continuity, Market Share, Reputation, Criminal liability, or stringent penalties
Medium	2-5%	Moderate / Short term impact on business continuity, Market Share, Reputation and High Financial penalties
Low	<=2 %	Relatively insignificant or limited impact on business continuity, Market share, reputation and financial penalty

Risk Likelihood Matrix: Risk likelihood is measured by probability of occurrence of risk event and classified as below:

Likelihood Category	**Probability (%)**	**Description**
High / Likely	>80%	Almost inevitable, will become routine feature
Medium / Possible	>40%	Probable, can happen in near future
Low / Unlikely	<=40 %	Less probable, can happen over longer team

7. RISK MANAGEMENT COMMITTEE

The Company has constituted Risk Management Committee of the Company pursuant to the provisions of Regulation 21 of SEBI(Listing Obligations and Disclosures Requirements) Regulations), 2015 as applicable to top 1000 listed entities, determined on the basis of market capitalization as at the end of the immediate preceding financial consisting of following persons as Chairman/ Members

SR.	NAME OF THE DIRECTOR	DESIGNATION
1	MITHAN LAL SINGLA (NON-EXECUTIVE DIRECTOR)	CHAIRPRSON
2	RAKESH GARG (EXECUTIVE DIRECTOR)	MEMBER
3	MRS. PREET KAMAL KAUR BHATIA (INDEPENDENT DIRECTOR)	MEMBER
4	Mr. SUKHDEV RAJ SHARMA (INDEPENDENT DIRECTOR)	MEMBER

The scope and functions of the Risk Management Committee are in compliance with the Regulation 21 of the SEBI Listing Regulations.

8. ROLES AND RESPONSIBILITY FOR RISK MANAGEMENT

Board	The Company’s risk management architecture is overseen by the Board of Directors (BOD) and the policies to manage risks are approved by the Board. Its role includes the following:- • Ensure that the organization has proper risk management framework • Define the risk strategy, key areas of company s' focus and risk appetite for the company • Approve various risk management policies including the code of conduct and ethics • Ensure that senior management takes necessary steps to identify, measure, monitor and control these risks
Audit Committ ee	The Audit Committee assists the Board in carrying out its oversight responsibilities relating to the Company's (a) financial reporting process and disclosure of financial information in financial statements and other reporting practices, b) internal control, and c) compliance with laws, regulations, and ethics (d) financial and risk management policies. Its role includes the following:- • Setting policies on internal control based on the organisation’s risk profile, its ability to manage the risks identified and the cost/ benefit of related controls; • Seeking regular assurance that the system of internal control is effective in managing risks in accordance with the Board’s policies. • Ensure that senior management monitors the effectiveness of internal control system Help in identifying risk, assessing the risk, policies / guidance notes to respond its risks and thereafter frame policies for control and monitoring.
Risk Management Committee	The Risk Management Committee is the key committee which implements and coordinates the risk function as outlined in this policy on an ongoing basis. Its role includes the following. • to review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof; • to frame, devise and monitor risk management plan and policy of the Company; • to review and recommend potential risk involved in any new business plans and processes; and any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law.

9. RISK MANAGEMENT FRAMEWORK

A) Risk Appetite

1. The Board approves the risk profile or appetite of the Company in material risk areas. The objective of risk appetite statements is to restrict the overall risk levels of the Company based on pre-defined strategies.
2. 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.
3. Risk Appetite statements are submitted to the Board for review and approval.
4. Risk Appetite statements are reviewed annually for necessary changes. Any breach of the appetite statements shall be reported to the Board at the next meeting.

B) Risk identification

5. Risk identification forms the core of the Risk Management system. Multiple approaches for risk identification are applied to ensure a comprehensive Risk Identification process.
6. The company identifies sources of risk, areas of impacts, events and their causes with potential consequences. Comprehensive identification is critical, because a risk that is not identified here will be missed from further analysis.

C) Risk Assessment and Risk Rating

7. For all key risks identified during the Risk Identification process, a qualitative and quantitative assessment is carried out. Risk assessment involves different means by which to grade risks in order to assess the possibility of their occurrence and extent of damage their occurrence might cause.
8. Likelihood rating and impact rating is as per the Rating parameters defined by the Company.

D) Risk Prioritization

9. After the risk assessment is complete, the key risks are prioritised to determine which risk are considered key and need to be addressed on a priority basis.
10. Prioritization of risks involves identifying which risks are materials from a corporate perspective.
11. For this purpose, the materiality scales are used to identify the severity and likelihood of these risks.
12. All risks that fall in the red zone are considered high risk and require immediate attention in terms of risk management.
13. The findings of risk prioritization are presented to Senior Management and Business Units.

E) Risk Mitigation Process

14. Once the top or critical risks are prioritized, appropriate risk mitigation and management efforts to effectively manage these risks are identified.
15. Risk mitigation strategy usually involves identifying a range of options for treating risk, assessing those options, preparing and implementing risk treatment plans. The risk mitigation strategies may include managing the risk through implementation of new internal controls, accepting certain risks, taking insurance, and finally avoiding certain activities that result in unacceptable risks.
16. Proposed actions to eliminate, reduce or manage each material risk are considered and

agreed as part of the Risk Assessment Workshops or as part of Management/Risk Committee.

F) Risk Reporting and Monitoring

17. An enterprise-wide integrated Risk Management Information System (MIS) is implemented by the company.
18. Such information is needed at all levels of the organization to identify, assess and respond to future occurrences of risk events. Pertinent information from both internal and external sources is captured and shared in a form and timeframe that equips personnel to react quickly and efficiently.

G) Action Plan and Status

19. A risk mitigation action plan is outlined for all priority risks in the high and medium categories. Senior Management and Business Heads design an action plan to mitigate and monitor each of these key risks.
20. An action plan and status reporting is implemented to log actions proposed to mitigate risks and track status of Evidence, of regular review and monitoring of the profile and action plan.
21. The action plan and status is reported quarterly to Audit/Risk Committee to update on the status of mitigation efforts.

10. DISCLOSURE IN BOARD'S REPORT:

Board of Directors shall include a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

11. REVIEW

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization. Any subsequent amendment / modification in the Listing Regulations, Act , definitions, and/or applicable laws in this regard shall automatically apply to this Policy and shall be deemed to be adopted as applicable to the company

12. CHARTER AND FUNCTIONING OF RISK MANAGEMENT COMMITTEE

Charter and functioning of Risk Management Committee shall be such as per the provisions of Companies Act, 2013 read with SEBI(Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time and such other functions as the Board may assign from time to time.

13. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.

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