

JCK INFRASTRUCTURE DEVELOPMENT LIMITED

RISK MANAGEMENT POLICY

This document lays down the framework of Risk Management at JCK Infrastructure Development Limited (“the Company”) and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent, in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

OBJECTIVES:

The objective of Risk Management at JCK Infrastructure Development Limited is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities.

The Strategic objectives of this policy are:

- Providing a framework that enables future activities to take place in a consistent and controlled manner.
- Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.
- Contributing towards more efficient use/ allocation of the resources within the Organization.
- Protecting and enhancing assets and company image.
- Reducing volatility in various areas of the business.
- Developing and supporting people and knowledge base of the organization.
- Optimizing operational efficiency.

REGULATORY FRAMEWORK :

- **Provisions of Section 134(3) of the Companies Act, 2013**
There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—(n) 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.
- **Provisions of Section 177(4) of the Companies Act, 2013**
Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,— (vii) evaluation of internal financial controls and risk management systems.
- **Provisions of Section 149(8) and Schedule IV of the Companies Act, 2013**
The Independent Directors shall:
 - help in bringing an independent judgment to bear on the Board’s deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
 - Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

FUNCTIONS OF THE BOARD:

- The Board shall be responsible for framing, implementing and monitoring the risk Management plan for the company.
- The Board shall define the roles and responsibilities of the Risk and Audit Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.
- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

BOARD PRINCIPLES:

The Board has to review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analysing and mitigating all the material risks, both external and internal viz. Environmental, Business, Operational, Financial and others. Communication of Risk Management Strategy to various levels of management for effective implementation is essential.

The Board shall ensure that this policy shall complement the other policies of the Company in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are effectively mitigated.

The Managing Director shall, from time to time have discussion regarding identification of risks with vertical and functional heads and also other employees wherever necessary, and report to the Board about the same whenever the Board meets.

The Independent Directors of the Company shall require the Executive Directors to explain the risk that is being faced by the Company and bring an unbiased angle to the Board's deliberations on making risk management systems more robust.

STEPS TO BE TAKEN:

- **Risk Identification:** The identification of Risk shall be classified into Strategic, Operational, Financial and Hazardous.
- **Risk Description:** The Identified Risk shall be attempted to be described by its Name, Scope, Nature, Quantification, Tolerance/Appetite, Treatment and Control Mechanism, Action for Improvement, Strategy and Policy Development.
- **Risk Evaluation:** After risk analysis, comparison of estimated risks against organization risk to be made. It is used to make decisions about the significance of risks and whether each specific risk to be accepted or treated.

- **Risk Estimation:** Can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences. Impact level on performance/profit – Both Threats and Opportunities.
- **Reporting:** (1) **Internal Reporting** from Individual – Departmental Heads - Managing Director - The Board. (2) **External Reporting** from the Board to the stake holders as a part of Corporate Governance.

DEVELOPMENT, IMPLEMENTATION, MONITOR AND REVIEW OF ACTION PLAN:

The Board shall Develop, Implement, Monitor and timely Review the Risk Management Plan.

The Action Plan shall be approved by the Board. The Business Plan including Capital Expenditure and Fund Flow Statement for each segment together with SWOT analysis, Materials management, Sales and Distribution, Delivery Schedules, Assets, Accounts Receivables and Payables as well as Regulatory Regime applicable shall be reviewed in the light of the material risks identified. A comprehensive plan of action to deal with the risks shall be developed and guidelines flowing from such plan shall be communicated to the employees concerned for mitigation of the risks.

The Board shall approve the Risk Management (including Risk Treatment) strategy, control structure and policy guidelines and delegate authority and accountability for risk management to the Company's executive team.

KEY OR HIGHLY SENSITIVE RISKS

The Board shall have the discretion to deal with certain risks (may be called Key or Highly Sensitive Risks) in the manner it may deem fit. Mitigation of such Highly Sensitive/Key risks and effectiveness of their mitigation measures and review of the strategy may be directly discussed by the Board members with Audit Committee.

ROLE OF AUDIT COMMITTEE

The following shall serve as the Role and Responsibility of the Audit Committee authorized to evaluate the effectiveness of the Risk Management Framework:

- Review of the strategy for implementing risk management policy.
- To examine the organization structure relating to Risk management.
- Evaluate the efficacy of Risk Management Systems – Recording and Reporting.
- To review all hedging strategies/risk treatment methodologies Vis a Vis compliance with the Risk Management Policy and relevant regulatory guidelines.
- To define internal control measures to facilitate a smooth functioning of the risk management systems.
- Ensure periodic review of operations and contingency plans and reporting to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems.

INTEGRATION OF THE PLAN/STRATEGY

The Company's risk management strategy is to be integrated with the overall business strategies of the organization and its mission statement to ensure that its risk management capabilities aide in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

REVIEW

This policy shall evolve by review by the Risk and Audit Committee and the Board from time to time as may be necessary.

AMENDMENTS

The Board of Directors, on its own and / or as per the recommendations of the Audit Committee may amend this Policy as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, which make the provisions laid down under this Policy inconsistent with such amendment(s), clarification(s), circular(s) etc. then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.