RISK MANAGEMENT POLICY

OF

JK FILES & ENGINEERING LIMITED

1. **Foreword**

1.1. **Objective**

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 ("Risk Management Policy") establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk evaluating & mitigation related issues. The Risk Management Policy is in compliance with the Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Companies Act, 2013, which requires the Company to lay down procedures about risk assessment and risk minimization.

1.2. **Applicability**

This policy applies to every part of JK Files & Engineering Limited ("**Company**") business and functions.

2. Definitions

2.1. Company: It means JK Files & Engineering Limited.

2.2. Risk: A probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.

2.3. Risk Management: Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

2.4. Risk Assessment: Risk Assessment is defined as the overall process of risk analysis and evaluation.

3. Risk Management

Principles of Risk Management

1. The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses

2. All concerned process owners of the company shall be responsible for identifying & mitigating key risks in their respective domain.

3. The occurrence of risk, progress of mitigation plan and its status will be monitored on periodic basis.

4. Risk Management Procedures

4.1. General

Risk management process includes four activities: Risk Identification, Risk Assessment, Risk Mitigation and Monitoring & Reporting.

4.2. Risk Identification

The purpose of risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives.

(i) Strategic Risks (Responsibility: Top Management)

Strategic risks are the risk arising due to the management decisions with respect to market, business growth, delivery model, etc. which can have adverse effect on the business objectives. This can further impact sustainability of business in the long term.

(ii) Legal Risks (Responsibility: Legal Team)

For all legal and related issues, advice must be sought from the legal department of the Company. If there is any deviation from the standard clauses, legal department shall suitably approve the said changes.

(iii) Business Risks (Responsibility: Business Heads)

Business risks are the risks which impose uncertainty in revenues or risk of losses which could be harmful to business, e.g. project management & time risks, client preferences, increase in competition etc.

(iv) Operational & Technical Risks (Responsibility: Business Heads)

Operational and technical risks are the risks arising from people, systems and processes through which the Company operates.

4.3. Risk Assessment

Assessment involves quantification of the impact of risks to determine potential severity and probability of occurrence. Each identified risk is assessed on two factors, which determine the risk exposure:

A. Impact if the event occurs

B. Likelihood of event occurrence

Risk Categories: It is necessary that risks are assessed after taking into account the existing controls, so as to ascertain the current level of risk. Based on the above assessments, each of the Risks can be categorized as – Low, Medium and High.

4.4. Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

All identified risks should be mitigated using any of the following Risk mitigation plan:

a) Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

b) Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging / Insurance.

c) Risk Reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.

d) Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater than the total losses sustained. All risks that are not avoided or transferred are retained by default.

6. Risk Monitoring And Review:

The Board emphasizes that risk management is an on-going process and takes place in all material elements of the Company's organizational structure. Dynamically changing legal and economic environment around the Company necessitates identifying and mitigating the risks in a timely manner. The Board will thus evaluate the risks involved in the business of the Company from time to time.

7. Disclaimer Clause

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. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

8. Assessment of Effectiveness

The Audit Committee is responsible for reviewing and analyzing the effectiveness of the risk management framework and the risk management systems and shall report the same to the Board.

7. Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.