JUPITER WAGONS LIMITED

CIN: L28100MP1979PLC049375

Risk Management Policy

1. Preamble

Section 134(3) of the Companies Act, 2013 mandates inclusion of statement on development and implementation of risk management policy in the report of Board of Directors (**"Board"**)

Furthermore, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**"Listing Regulations"**), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

Thus, Jupiter Wagons Limited (**"JWL" or the "Company"**) has framed Risk Management Policy (**"Policy**) to lay down procedures about risk assessment and risk minimization.

2. Effective Date

This policy shall be effective from the date of approval from the Board, unless stated otherwise.

3. Objective 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 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.

The specific objectives of the Risk Management 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.

4. Risk Management Framework

The Risk Management Committee shall regularly assess and review the Company's risk management policy. The committee shall also evaluate the effectiveness of the risk management systems to ensure that management maintains control over risks through a clearly defined network. The heads of departments will be accountable for implementing the applicable risk management system within their respective functional areas.

5. Risk Management Committee

a) The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors.

b) The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.

c) The risk management committee shall meet at least twice in a year.

d) The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

e) The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

6. Risk Management Process

a) **Risk identification**: The Company identifies potential events that may positively or negatively affect the Company's ability to implement its strategy and achieve its objectives and performance goals.

   i. **Internal risk:**
   - Strategic Risk: Competition, inadequate capacity, high dependence on a single customer/vendor.
   - Business Risk: Project viability, process risk, technology obsolescence/ changes, development of alternative products.
   - Finance Risk: Liquidity, credit, currency fluctuation.
   - Environment Risk: Non-compliances to environmental regulations, risk of health to people at large.
   - Personnel Risk: Health & safety, high attrition rate, incompetence.
   - Operational Risk: Process bottlenecks, non-adherence to process parameters/ pre-defined rules, fraud risk.
   - Reputation Risk: Brand impairment, product liabilities.
   - Regulatory Risk: Non-compliance to statutes, change of regulations.
   - Technology Risk: Innovation and obsolescence.
   - Information and Cyber Security Risk: Cyber security related threats and attacks, Data privacy and data availability.

   ii. **External risk:**
   - Sectoral Risk: Unfavourable consumer behaviour in relation to the relevant sector etc.
   - Sustainability Risk: Environmental, social and governance related risks.

   Political Risk: Changes in the political environment, regulation/ deregulation due to changes in political environment.

b) **Risk analysis:** It is conducted through a consultative approach, facilitates the identification of the underlying reasons or drivers contributing to the presence of a risk element. This process is instrumental in developing targeted mitigation actions to address the identified root causes effectively.

c) **Risk scoring:** The Company considers qualitative and quantitative methods to evaluate the likelihood and impact of identified risk elements. Likelihood of occurrence of a risk element within a finite time is scored based on polled opinion or from analysis of event logs drawn from the past. Impact is measured based on a risk element's potential impact on revenue, profit, balance sheet, reputation, business and system availability etc. should the risk element materialize. The composite score of impact and likelihood are tabulated in an orderly fashion. The Company has assigned quantifiable values to each risk element based on the "impact" and "likelihood" of the occurrence of the risk on a scale of 1 to 4 as follows.

Impact	Score	Likelihood
Minor	1	Low
Moderate	2	Medium
High	3	High
Critical	4	Certain

d) **Risk mitigation plan:** Upon reviewing various alternatives, costs, and benefits, the Company formulates targeted responsive actions aimed at effectively managing identified risks and constraining their impact within acceptable tolerance levels. The risk mitigation plan plays a pivotal role in shaping policies related to risk ownership, the control environment, timelines, standard operating procedures, and other pertinent aspects. This strategic approach ensures a comprehensive and proactive response to potential risks, aligning organizational efforts with the goal of minimizing adverse effects and maintaining risk within acceptable boundaries.

The mitigation plan encompasses several key components, including:

i. **Preventive Controls:** These are responses designed to prevent undesirable transactions, events, errors, or incidents from occurring. The focus is on implementing measures that proactively stop the occurrence of such undesirable occurrences.

ii. **Detective Controls:** This involves responses aimed at promptly identifying undesirable transactions, events, errors, or incidents as they occur. The objective is to enable swift detection so that appropriate actions can be taken in a timely manner.

iii. **Corrective Controls:** These responses are implemented to mitigate the consequences or damage resulting from the realization of a significant incident. The emphasis is on taking corrective actions to address and alleviate the impact of an adverse event after it has occurred.

e) **Risk monitoring:** The Company track, evaluate and supervise the status of identified risks and the effectiveness of risk mitigation strategies.

f) **Risk reporting:** Key risks are reported to the Board or risk management committee with causes and mitigation actions undertaken/ proposed to be undertaken.

7. Responsibility

<table>
<tr><th>Responsibility holder</th><th>Responsibilities</th></tr>
<tr><td>Board</td><td>The Company’s risk management architecture is overseen by the Board 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 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.</td></tr>
<tr><td>Audit Committee</td><td>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.</td></tr>
<tr><td>Risk Management Committee</td><td>The Risk Management Committee, as constituted by the Board, 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:
Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity, and recommend for any amendment or modification thereof, as necessary.
Keep the Board of directors of the Company informed about the nature and content of its discussions, recommendations and actions to be taken.
Review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
To implement and monitor policies and/or processes for ensuring cyber security.</td></tr>
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	• 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.

8. Business Continuity

A Business Continuity Plan (BCP) serves as a comprehensive and systematic manual outlining the necessary steps to respond to a crisis, whether natural or man-made, or any other incident that has an adverse impact on the essential processes or service delivery of a firm. The primary goal of the Business Continuity Plan is to facilitate the recovery of business processes in the face of disruptions or crises. These disruptions may vary in duration and nature, encompassing short or long-term crises, such as fires, floods, earthquakes, explosions, terrorism, tornadoes, prolonged power outages, hazardous chemical spills, epidemics, pandemics, and other natural or man-made disasters.

9. Review

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

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