LUMAX INDUSTRIES LIMITED

RISK MANAGEMENT POLICY

(Under Section 134(3)(n) of the Companies Act, 2013 and Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

LUMAX DK JAIN GROUP

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1. BACKGROUND

In line with the Company's objective towards increasing stakeholder value, a Risk Management Policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

2. SCOPE & PURPOSE

As per Regulation 21 of the Regulations, as amended from time to time, top 1000 listed entities (based on market capitalization as calculated as on 31st March of every financial year)are required to constitute a Risk Management Committee which is responsible to formulate a detailed risk management policy. Further, Section 134 of the Act requires that the report of the 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. Since the Company falls within the aforesaid class and is also governed by the Act, it is required to formulate its Risk Management Policy. Accordingly, this Risk Management Policy has been adopted by the Board of Directors of the Company.

3. DEFINITIONS

(i) "Act" means the Companies Act, 2013.

(ii) "Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.

4. ROLE OF BOARD OF DIRECTORS

The Board of Directors of the Company oversee the development of Risk Management Policyand the establishment, implementation and monitoring of the Company's risk management system, in accordance with the policy.

5. RISK MANAGEMENT COMMITTEE (RMC)

The Company has constituted a Risk Management Committee. The committee is responsiblefor the review of risk management processes within the Company, and for overseeing the implementation of the requirements of this policy. The Composition of Committee is as follows:

Sl. No.	Name	Category
01	Mr. Deepak Jain	Chairman
02	Mr. Raajesh Kumar Gupta	Member
03	Mr. Avinash Parkash Gandhi	Member
04	Mr. Ravi Teltia	Member

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

6. ROLE OF THE CHIEF RISK OFFICER (CRO)

The Group Head (Legal & Secretarial & Internal Audit) will act as Chief Risk Officer.

The Chief Risk Officer has responsibility for identifying, assessing, monitoring and managing risks. Primarily, the Chief Risk Officer is also responsible for tracking and identifying any material changes to the Company's risk profile and ensuring, with recommendations and approval of the Risk Management Committee (RMC) and the Board, the risk profile of the Company is updated to reflect any material change.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Chief Risk Officer, with the assistance of senior management, as required.

The Chief Risk Officer is required to report to the RMC as to the effectiveness of the Company's management of its top 5 critical business risks on a regular basis.

The Chief Risk Officer shall be responsible for tracking and ensuring that all the action plan devised for identified risks are being implemented within stipulated timelines.

7. ROLE OF THE RISK OWNERS

Risk Owners (Heads of Departments) shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Chief Risk Officer.

Risk Owners (Heads of Departments) are required to provide updates on status of action plans devised forrisks identified in their respective areas (action taken report) periodically to the Chief Risk Officer.

8. RISK CATEGORIES AND PROFILE

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. All the identified risks shall be categorized under the following categories:

1. **Strategic Risks:** Risk of loss resulting from business factors. These adversely affectthe achievement of strategic objectives and may impair overall enterprise value.
2. **Operational Risks:** Risk of loss resulting from inadequate or failed processes, peopleand information systems,
3. **Information Risks:** Risks of inadequate internal or external reporting due to incorrect financial and non-financial information in the reports.
4. **Compliance Risks:** Risk of loss resulting from legal and regulatory factors.
5. **Cyber Security Risks:** Risk of technological challenges and other cyber security risks.
6. **Financial Risks:** Risk of potential loss of capital to an interested party.
7. **Sectoral risks:** Risk of uncertainty concerning changes in the economic-financial situation of sectors.
8. **Sustainability risks:** Risk of uncertain social or environmental event or condition that, if it occurs, can cause significant negative impact on the Company.

Sl. No.	Risk Category	Risk Areas
1	Strategic Risks	• Business Risks • Competition Risks • Business Contingency/Continuity Risks including naturaldisasters • Reputation Risks • Sustainability Risks • Political Risks
2	Operational Risks	• Quality Risks • Cost Risks • Raw Material Risks • Internal Control Risks • Talent Attrition Risks
3	Information Risks	• Financial risk including liquidity, forex risk, credit risk • Realization Risks
4	Compliance Risks	• Legal Risks • Regulatory Risks
5	Cyber Security Risks	• Technological Risks including hardware and softwarefailure, human error, spam, viruses and malicious attacks • Cyber Security Risks such as ransomware, phishing, data leakage, hacking, insider threats
6	Financial Risks	• Risk of potential loss of Capital
7	Sectoral Risks	• Changes in the economic-financial situation of sectors.
8	Sustainability Risks	• Environmental: Waste management, water conservation, inefficient energy management. • Social: Health and Safety, Gender Equality (gender diversity), Employee Well Being (medical facilities). • Governance**:** Anti-corruption & bribery policies, Conflict management, Retention and Remuneration, Stakeholder Engagement.

9. RISK ASSESSMENT

Risk assessment allows the Company to consider the extent to which potential events mighthave an impact on achievements of its objectives. Hence, Management shall assess eventsfrom two perspectives – **likelihood and impact.**

Likelihood Rating: Determination of risk occurrence

Rating	Score	Occurrence in future	Percentage chance	Occurrence in the past
Certain	5	Very High, will be almost a routine feature every month within the immediate next year.	Over 80%	Similar instances have commonly occurred every month in the past
Likely	4	High, may arise several times within the immediate next year.	50% to 80%	Similar instances have occurred several times in the past year.
Possible	3	Possible, may arise once to twice within the immediate next year.	10% to 49%	They have been 1 or 2 similar instances in the past year.
Unlikely	2	May occur once or twice in the next 2 years.	5% to 9%	Though not routinely, but there have been similar instance in the last 2 to 5 years
Rare	1	Not likely, almost impossible to occur between year 2 (from now) to 5 years	Less than 5%	Similar instances have never occurred in the past

Impact Rating

Consequence Descriptions					
Impact	**Profit (EBITDA) Reduction**	**Impact on Revenue**	**Operations**	**Community, Government, Reputation,Media**	**Legal and Compliance**
1- Negligible	<1%	<2 %	Impact on project operations but no tangible loss to the project	Minor, adverse, local public and media attention	Procedural non-compliance not leading to any interest/ penalty
2 – Minor	1% to 3%	5 %	Significant impact on project but no shut down of operations/ impact on continuity of operations	Attention frommedia; heightened concern by local community	Procedural non-compliance leading to insignificant interest/ penalty
3- Moderate	3% to 5%	10 %	Impact on project resulting in shut down for moderate duration or no major impact on health and safety	Criticism by National government	Possible levy of interest/ penalty due to non-compliance
4 – Major	5% to 10%	20 %	Impact on project resulting in shut down for considerable time or indirect impact on health and safety of an employee	Significant adverse national media or public or national government attention	Possible levy of significant value of penalties
5 – Severe	> 10%	25 %	Direct impact on continuity of operations site or direct impact on health and safety of an employee	Serious public or media outcry; international coverage	Possible levy of penalty and imprisonment

10. RISK MANAGEMENT PROCESS

Risk Management as a process will enable **Lumax Industries Limited** to identify, assess and treat risks. It is the responsibility of everyone in the organization and it applies to all functionsand operations in the organization. The key **risk management process** would broadly include

1. Risk Identification:

- Assessment of organization's exposure to uncertainty which requires in- depth knowledge of the organization, market, economic, legal, cultural, regulatory,technological environment in which it exists.
- Risk identification shall be approached in a methodical way to ensure that all significant activities within the organization have been identified.
- Primary responsibility of identification of risks lies with respective HODs however, the same can also be suggested by CRO or RMC.

2. Risk Categorization:

- All identified risks shall be categorized under defined category buckets i.e.,Strategic, Operational, Reporting, Compliance and Information Technology.
- CRO and RMC are responsible for categorization of risks.

3. Assessment of identified risk:

- Risk assessment allows the company to consider the extent to which the potential eventmight affect the Company
- Risk assessment should be performed from two perspectives – likelihood and impact
- CRO and RMC are responsible for assessment of risks in consultation with respective HODs.

4. Risk mitigation:

- Developing strategies / alternatives to reduce or treat the potential risks
- The purpose of treating a risk is to continue with the activity which gives rise to the riskbut to bring the risk to an acceptable level by taking action to control it in some way
- CRO and RMC are responsible for assessment of risks in consultation with respective HODs Risk reporting and disclosures.

5. **Risk Reporting and disclosures:**

- Risk Management Committee shall report the risks along with assessment and mitigation plans to the Board within stipulated timelines

6. **Monitoring of the risk mitigation efforts:**

- Risk Management Committee shall monitor all aspects of an identified risk on a regular basis as the risk exposure may undergo changes from time-to-time due to continuously changing environment.
- CRO and RMC are responsible for monitoring of risk mitigation efforts in consultation with the Board

7. **Integration with strategy and business plan:**

- Risk Management Committee shall be responsible for regular policy reviews (at least once in two years) including by considering the changing industry dynamics and review standard performance to identify opportunities for improvements.
- Chief Risk Officer to ensure that the measures adopted resulted in what was intended.

11. RISK REGISTERS

Centralized Risk registers along with mitigation / action plans shall be maintained. (Refer Annexure 1 for Risk Register format) Risk registers to be duly updated on a periodic basis by Risk Owners (HODs) for their respective areas.

12. GOVERNANCE STRUCTURE

The following risk governance structure shall establish clear allocation of roles and responsibilities for management of risks on a day-to-day basis.

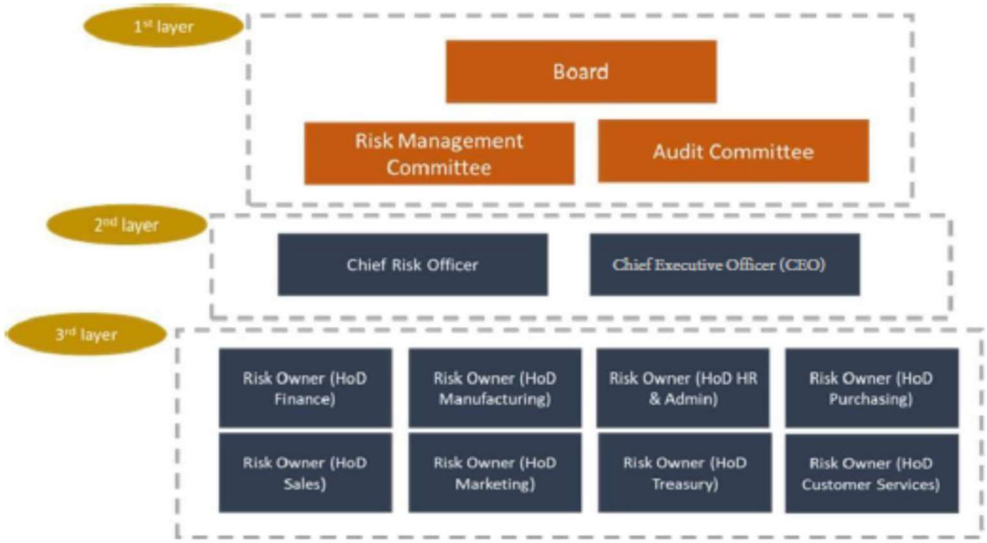
Line of reporting:

1. Risk Owners shall report to CRO on quarterly basis and track material changes

2. CRO shall convene a meeting with Risk Management Committee and CEO twice in a year to identify key risks which need to be reported to the Board

3. CRO, CEO and Risk Management Committee shall apprise the Board on key risks faced by the organization twice in a year along with risk assessment and mitigating action plans. The Company Secretary shall act as Secretary to Risk Management Committee (RMC)for the purpose of convening of RMC Meeting and recording its minutes periodically.

Below diagram outlines the governance structure for the company:



13. OVERSIGHT/ GOVERNANCE RESPONSIBILITIES OF RISK MANAGEMENT COMMITTEE

The following responsibilities must be carried out by Risk Management Committee in consultation with the Board of Directors:

1. To recommend the risk appetite of the organization for overseeing that the Company is taking appropriate measures in achieving prudent balance between risk and reward inboth ongoing and new business activities.

2. To oversee that the Company has implemented an effective ongoing process and risk awareness culture in the organization to identify risk, to measure its potential impact and then to activate what is necessary to pro-actively manage these risks.

3. RMC to obtain suggestions and approvals from the Board for the risk appetite of the organization.

4. To oversee that the risk awareness culture is pervasive throughout the organization.

5. To review the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures.

14. ROLES & RESPONSIBILITIES OF RISK MANAGEMENT COMMITTEE

Risk Management Committee shall meet at least **twice in a year** in a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings in presence of 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 to fulfil following roles & responsibilities.

Roles:

1. To assess the Company's risk profile and key areas of risk in particular.
2. To recommend the Board and adoption of risk assessment and rating procedures.
3. To articulate the Company's policy for the oversight and management of businessrisks.
4. To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas.
5. To assess and recommend the Board acceptable levels of risk.
6. To develop and implement a risk management framework and internal control system. To review the nature and level of insurance coverage.
7. To have special investigations into areas of corporate risk and breakdowns in internalcontrol.
8. To review management's response to the Company's Auditors' recommendationsthose are adopted.
9. To report the trends on the Company's risk profile, reports on specific risks and the statusof the risk management process to Board of Directors twice in a year.

Responsibility:

1. To exercise oversight of management's responsibilities and review the risk profile of the organization to ensure that risk is not higher than the risk appetite determined by the Board.
2. To assist the Board in setting risk strategies, policies, frameworks, models and procedures in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting and that infrastructure, resources and systems are in place for risk management is adequate to maintain a satisfactory level of risk management discipline.
3. To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed. Also, to review and assess the nature, role, responsibility and authority of the risk managementfunction within the Company and outlinethe scope of risk management work.
4. To ensure that a systematic, documented assessment of the processes and outcomessurrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management including internal control.
5. To oversee formal reviews, processes and procedures of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks aremitigated, Company's objectives are attained, and financial results are always maintained at an optimal level.
6. To provide an independent view of the information presented by the management oncorporate accountability and specifically associated risk, also taking account of reportsby the Audit Committee to the Board on all categories of identified risks facing by the Company.
7. To review issues raised by Internal Audit that impact the risk management framework.
8. Perform other activities related to risk management as requested by the Board of Directors or to address issues related to any significant subject within its term of reference.
9. The Risk Management Committee (RMC) shall ensure implementation of this policy and periodically assess risks and review key leading indicators in this regard. All categories of Risks and their mitigation plans along with risk assessment would be reviewed by RMC on a half yearly basis.
10. The RMC shall half yearly review and approve the Enterprise Risk Management Framework of the Company. The RMC shall twice in a year review the risk management processes and practices of the Company in consultation with the Chief Risk Officer.
11. The RMC shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing

activities such as business continuity planning and disaster recovery planning & testing).

12. The RMC shall evaluate risks related to cyber security and ensure that management initiated appropriate procedures to mitigate these risks in a timely manner.
13. The its RMC will coordinate activities with the Audit Committee in instances where thereis any overlap with audit activities (e.g., internal or external audit issue relating to risk management policy or practice).
14. The RMC shall make regular annual reports to the Board, including with respect to risk management and minimization procedures.
15. The RMC shall have access to any internal information necessary to fulfill its oversight role. The RMC shall also have authority to obtain advice and assistance from internalor external legal, accounting or other advisors.
16. The role and responsibilities of the Risk Management Committee shall include such other items as may be prescribed by applicable law or the Board in compliance with applicable law, from time to time.
17. RMC to formulate a detailed risk management policy which shall include:

(a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (specifically, Environmental, Social and Governance related risks and impact), information and cyber security risks

(b) Measures for risk mitigation including systems and processes for internal control of identified risks and

(c) Business continuity plan

15. ROLE OF AUDIT

A strong and independent Internal Audit Function at the corporate level carries outrisk focused audits across all businesses, enabling identification of areas where risk management processes may need to be improved. The Audit Committee of the Board reviews Internal Audit findings and provides strategic guidance on internal controls. It also monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

16. RESPONSIBILITY TO STAKEHOLDERS

The Company considers the reasonable expectations of stakeholders particularly with a viewto preserving the Company's reputation and success of its business. Factors which affect the Company's continued good standing are included in the Company's risk profile.

17. CONTINUOUS IMPROVEMENT

The Company's risk management system is always evolving. It is an ongoing process and itis recognized that the level and extent of the risk management system will evolve commensurate with the development and growth of the Company's activities. The risk management system is a "living" system and the documentation that supports it will be regularly reviewed and updated in order to keep current with Company circumstances.

18. NON-COMPLIANCE

Non-compliance of the relevant provisions of the Act, read together with the Regulations will attract the penal provisions as per the respective laws.

19. GENERAL

a) Review

This policy will be reviewed and amended as and when required by the Board. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

b) Disclosure of the Policy

This policy will be uploaded on the Company's website.

Annexure 1

S No	Function	Organization Functional Objective	Risk Description	Category	Risk Owner	Classification	Risk Assessment			Comments
							Impact Rating	Likelihood rating	Risk Exposure	
1										
2										
3										
4										

[i] This is a statutory requirement (SEBI LODR Regulations, 2015)