S J Logistics (India) Limited

RISK MANAGEMENT POLICY

Version	Effective Date	Review Date	Prepared By	Reviewed By	Approved By
1.0	September 02, 2023	September 02, 2023	Secretarial Team	Jeet Shah, Director	Board of Directors
2.0	June 11, 2026	June 11, 2026	Secretarial Team	Jeet Shah, Director	Board of Directors

Limitation and Amendments:

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.

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

Content

1. **Introduction:**
   Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the activities of the Company. The Risk Management Policy (the "Policy") and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts on its operations and performances and to capitalize on opportunities pro-actively.

2. **Objective:**
   The Company is prone to inherent business risks. 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.

   This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

3. **Definitions:**

   "Audit Committee" means "Audit Committee" constituted under Section 177 of the Companies Act, 2013 by the Board of Directors of the Company.

   "**Board"** means the Board of Directors of S J Logistics (India) Limited.

   "**Company"** means S J Logistics (India) Limited.

   "**Risk**" is defined as the chance of a future event or situation happening that will have an impact upon company's objective favorably or unfavorably. It is measured in terms of consequence and likelihood.

   "**Risk Management**" encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring.

4. **Risk Appetite:**
   A critical element of the Company's Risk Management Policy and Framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of the business objectives.

   Following key determinants of risk appetite and parameters have been identified by the Company:

   i. Shareholder and investor preferences and expectations;
   ii. Expected business performance (return on capital);
   iii. The capital needed to support risk taking;
   iv. The culture of the organization;
   v. Management experience along with risk and control management skills;
   vi. Longer term strategic priorities.

   Risk parameters are identified based on past business track record and experience and risk appetite are identified and communicated through the Company's strategic plans. The Board and the

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.

5. Risk Management Framework

The Company believes that risk should be managed and monitored on an on-going / continuous basis and therefore, the Company has designed a dynamic Risk Management Framework for managing the risks effectively and efficiently which enables the Company to achieve its short term and long term strategic and business objectives in a planned manner.

The Company's approach to risk management is summarized as below:

a. Identification of risks

To ensure that the key risks are identified, the Company:

- defines the risks in context of the Company's business activities, strategy of growth plan;
- documents risk profiles, including a description of the material risks; and
- regularly reviews and updates the risk profiles.

The Company's Risk Profile is summarized below.

b. Assessment of risks

The Risk assessment methodology shall include:

- collection of information;
- identification of major risks;
- rating of each risk on the basis of:
  - Consequence;
  - Exposure;
  - Probability; and,
  - Materiality
- Classification of Risk
  - ✓ High Risk;
  - ✓ Medium Risk; and,
  - ✓ Low Risk
- prioritization of risks;
- function-wise exercise on risk identification, risk rating, control;
- Function-wise setting the level of responsibility and accountability.

c. Measurement and control

Identified risks are then analyzed based on classification of risks and the manner in which the risks are to be managed and controlled are then determined and agreed. The generally accepted options are;

- accepting the risk (where it is assessed the risk is acceptable and where avoiding the risk presents a greater risk through lost opportunity);
- managing the risk (through controls and procedures);
- avoiding the risk (through stopping the activity);
- transferring the risk (through outsourcing arrangements);
- Financing the risk (through insurance arrangements).

d. Continuous assessment

The Company's Risk Management Framework requires continuing cycle of implementing, monitoring, reviewing and managing the risk management processes.

6. Risk Profile

The identification and effective management of the risks is critical in achieving strategic and business objectives of the Company. The Company's activities give rise to a broad range of risks which are considered under the following key categories of risk:

6.1 Strategic Risks

- ❖ Lack of responsiveness to the changing economic or market conditions, including commodity prices and exchange rates, that impact the Company's operations;
- ❖ Ineffective or poor strategy developed; and,
- ❖ Ineffective execution of strategy.

6.2 Financial Risks

i. Financial performance does not meet expectations;
ii. Capital is not effectively utilized or managed;
iii. Cash flow is inadequate to meet financial obligations;
iv. Financial results are incorrectly accounted for or disclosed; and,
v. Credit, market and/or tax risk is not understood or managed effectively

6.3 Operational Risks

- ❖ Difficulties in commissioning and operating a particular business;
- ❖ Unexpected increase in the costs of the components required to run a business;
- ❖ Adverse market conditions;
- ❖ Failure to meet the expenditure commitments on prospecting/ marketing particular business; and,
- ❖ Inadequate or failed internal processes, people and systems for running a particular business.

6.4 Investment Risks

Failure to provide expected returns for defined objectives and risk such as underperforming to the stated objectives and/or benchmarks.

6.5 People's Risk

- Inability to attract and retain quality people;
- Inadequate succession planning;
- Inappropriate work culture& ethics;
- Inefficient whistle blower mechanism and;
- Inappropriate policy for woman safety at work place

6.6 Legal and Regulatory Risks

- ✓ Legal / Commercial rights and obligations are not clearly defined or misunderstood; and

- ✓ Commercial interests not adequately protected by legal agreements.

6.7 Compliance Risks

Non-conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

6.8 Reputation Risks

7. Governance Structure:

The Company's Risk Management Framework is supported by the Board of Directors, Management, the Audit Committee, Internal, Statutory and Secretarial & Compliance Audit.

7.1 Board of Directors

The Board will undertake the following actions to ensure risk is managed appropriately:

a. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;
b. Ensure that the appropriate systems for risk management are in place;
c. Participate in major decisions affecting the organization's risk profile;
d. Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;
e. Be satisfied that processes and controls are in place for managing less significant risks;
f. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
g. Ensure risk management is integrated into board reporting and annual reporting mechanisms.

7.2 Management

a. Management is responsible for monitoring and whether appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met;
b. To assist the Board in discharging its responsibility in relation to risk management;
c. When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company' s financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks;
d. The Committee is also responsible for monitoring overall compliance with laws and regulations.
e. Reporting to the Board of Directors consolidated risks and mitigation strategies on a half yearly basis.

7.3 Audit Committee

The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company;

7.4 Internal, Statutory and Secretarial & Compliance Audit

The Internal, Statutory and Secretarial & Compliance Audit of the Company is expected to play a greater role in Risk Identification and Risk Mitigation exercise of the Company and to play an important role in Risk Management strategy of the Company.

8. Review of the Policy:

The Board will review the Risk Management Policy of the Company from time to time to ensure it remains consistent with the Board's objectives and responsibilities.

Note:

The Board of Directors (the "Board") at its Meeting held on 02nd September 2023 approved the policy and is effective from 02nd September 2023.

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