

MUNJAL AUTO INDUSTRIES LIMITED

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RISK MANAGEMENT POLICY

OBJECTIVE

Munjal Auto Industries Limited (“the MAIL / the Company”) considers ongoing risk management to be a core component of the Management of the Company and understands that the Company’s ability to identify and address risk of utmost importance to achieve its corporate objectives.

The Company’s Risk Management Policy (“the Policy”) outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization.

RISK MANAGEMENT COMMITTEE

- The Risk Management Policy will be channelized through a Risk Management Committee (“the Committee”) which shall be responsible for strategizing the policy and provide periodic feedback to the Board towards the implementation of the Risk Management Policy.
- The aforesaid Committee will keep insight of the requirements of sound corporate governance oversight and review periodic reports from identified full time executives in relevant areas identified from time to time.
- The Committee shall be constituted by the Board of Directors comprising of **three members** with majority of them being members of the board of directors, including at least one independent director. The Chairperson of the Risk Management Committee **shall be a member of the Board of Directors and senior executives of the Company may be members** of the committee.
- The Committee will have the oversight of the Risk Management delivery framework of the Company.
- Role of the Committee shall include the term of reference in accordance with the Listing Regulations.

The primary objectives of this Risk Management Policy:

- Identification and categorization of potential risks
- Assessment and mitigation of risks
- To monitor and assure continuous growth and to sustain market leadership in the mobility industry, domestically and globally.

The Risk Management Policy aims to cover, amongst others, the following key areas/risks:

- **Technology risks** –Munjal Auto Industries Ltd. is committed to embracing new technologies to deliver superior products and solutions to its customers and stakeholders. Adoption of new

technology or being left behind in the era of evolving technologies is the primary risk that it monitors. IT and digitalization are the key enablers for delivering end-to-end mobility solutions. However, even these are prone to risks associated with disaster preparedness, data security, information privacy, legal compliance, etc. The technology risks should be mitigated by continuous R&D initiatives of the Company, keeping a breast with the global changes, promoting entrepreneurial skills of the personnel and developing either in-house solutions or procuring them.

- **Financial risks**-The financial risks relate to adequate liquidity for routine operations and availability of funds for expansions, impact of currency fluctuations, change in credit ratings, etc. It also includes the risks associated with the investments of the Company. The financial performance of its subsidiaries, associates and any other affiliates that may adversely affect the Company's results should be closely monitored. The investments of the Company should be made on the basis of financial modelling and the currency fluctuations be examined regularly.
- **Economic environment risks** - The ever changing economic policies may impact the strategies and performance of the Company. The mis-match in demand and supply and competitive products may influence the market share of the Company. The Company should keep a close watch on the upcoming new policies and changes in the existing policies and adapt itself timely to the effected norms. MAIL believes in fair competition and tries to maintain a balance in demand and supply of its products.
- **Operational risks**- Manufacturing defects, labour unrest, injuries, accidents, suspended operations of a plant may impact the operations of the Company.
- **Commodity Risks**- Raw material prices, commodity price fluctuation and crude prices are also key business and operational risks.

The Company works on an ongoing basis on cost reduction, weight reduction and process improvement exercises. The Company also considers localization of imports/global sourcing to ensure lowest cost option in sourcing of parts/raw material.

- **Regulatory risks**- Non-compliance of the applicable laws may result in liabilities and may impact the reputation of the Company. The frequent changes in emission norms require the Company to be prepared and update the products with the applicable standards. The Company has proper systems in place to ensure that there is no non-compliance of any law that is applicable to MAIL. Further, the Company should constantly monitor and comply with the frequent changes in the emission norms and environmental regulations.
- **Human Resource risks** –Munjal Auto Industries Ltd. is sensitive towards the requirements of its employees. The Company should take initiatives to ensure that there is a robust plan for succession and retention of key people. Talent in key areas and new businesses should be made available through both external partners and internal employee referral schemes. MAIL should ensure that its people are regularly trained and updated to be able to contribute to the growth of the organisation.
- **Market Risk**- Market Risks broadly include risks related to pricing, product development promotion, distribution, branding, customer experience and customer base. The Company is committed to identify, analyse and quantify market risk; to formulate strategy to manage market risk as well as to develop appropriate policies, processes, organization. Structure for facilitating ongoing management of market risk.

To ensure that the above risks are mitigated, MAIL will strive to:

- Involve all functions in the overall risk identification and mitigation exercise;
- Have an objective framework to categorize risks and define the level at which it should be addressed;
- Link the risk management process to the strategic planning and internal audit process;
- Promote a culture of calculated risk taking to identify new initiatives coupled with thoughtful risk mitigation approach;
- Formalize a transparent risk information system across the organization with structured templates.

MEETING AND QUORUM

The Risk Management Committee shall meet at least twice in a year. 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.

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.

REVIEW AND AMENDMENTS

The Risk Management Policy should be reviewed periodically by the Board of Directors. The provisions of this policy may be modified by the Board on recommendation of the Committee from time to time in line with the listing regulations as and when required or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, 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.