BCL INDUSTRIES LIMITED

RISK MANAGEMENT POLICY PLAN & PROCEDURES

ORIGIN & OBJECTIVE

Risk may be defined as a chance or possibility of danger, loss, injury or any other such consequences

There cannot be an organization which is fully immune to any kind of risk. Likewise, **BCL INDUSTRIES LIMITED** is also exposed to different kinds of risks. Hence the objective of this policy is to ensure that risks to the Company are identified, analyzed, and managed so that they can be maintained at acceptable levels.

This Risk Management Policy is in compliance with the Clause 49(VI) of the Listing Agreement as amended vide Circular CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 effective since October 01, 2014.

SCOPE

This policy focuses on the risks to the smooth operations of the Company, confidentiality, integrity, and availability of information, assets or any other such aspect of the Company. The policy shall be applicable on all the areas of the Company.

TYPES OF RISK

BCL INDUSTRIES LIMITED is prone to following kinds of Risks as classified by the Board of Directors:

Internal Risks :

1. Constraint in the availability of raw material.
2. Rise in input costs may affect the profitability of the company.
3. Change in technology and trends in the industry may affect company's ability to compete.
4. Company's involvement in legal proceedings
5. Revenue Concentration in Single Business Segment.
6. Human Resource Risks
7. Cyber Security Risks
8. Sustainability Risk, particularly, ESG related risks

External Risks:

1. **Heavily Regulation by Government :**

The Business of the company is subject to the respective State government's policy on excise. Changes in the fiscal policies of the Government could have an adverse impact on the profitability of the company. A significant change in the Government liberalization and deregulation policies could affect business. Adverse changes in other regulation such as the distribution norms may affect the operations of the company.

2. **Increased Competition :**

Entry of more domestic and multinational players in the same industry may force the company to reduce the prices of its products which may reduce its revenues and margins which could have a materially adverse effect on its business, financial condition, and results of operation.

3. Likelihood of exposure, critical asset or sensitive information loss, or reputational harm stemming from a cyberattack or breach.

4. Sustainability Risk, particularly, ESG related risks.

Other Risks

There are many more risks which company may be prone to viz. risk of financial and other frauds, threat to confidentiality of vital information, risk of fire, natural calamity, legal risk and the like.

RISK MITIGATION PROCESS AND MEASURES:

The management has in place a process to set objectives by all the concerned departments and that the chosen objectives support and align with the company's vision & mission and are consistent with its risk tolerance.

RISK MITIGATION PROCESS

1. Risk Identification: Risk Identification is obligatory on all vertical and functional heads that with the inputs from their team members are required to report the material risks to the concerned officials along with their considered views and recommendations for risk mitigation. Analysis of all the risks thus identified shall be carried out by the concerned officials and senior management through participation of the vertical/functional heads.

2. Risk Analysis: Risk analysis involves consideration of the sources of risk, their consequences, and the likelihood that those consequences may occur. The existing systems, control measures and procedures to control risk are identified and their effectiveness is assessed. The impact and likelihood of an event and its associated consequences are assessed in the context of the existing controls.

3. Risk Assessment: Risk evaluation involves comparing the level of risk found during the analysis process against the pre-defined risk weights so as to assess their potential severity of loss and to the probability of occurrence. Risk weights of High / Medium / Low can be assigned based on parameters for each operating activity. The output of the risk evaluation is a prioritized list of risks for further action. If the resulting risks fall into the low or acceptable risk categories they may be accepted with minimal further treatment.

4. Risk Response: Risk response involves identifying the range of options for treating risk, assessing those options, preparing risk treatment plans and implementing them. Options include avoiding the risk, reducing the likelihood of the occurrence, reducing the consequences, transferring the risk, and retaining the risk. Gaps will then be identified between what mitigating steps are in place and what is desired. The action plans adopted will be documented and its implementation tracked as part of the reporting process. Ownership and responsibility for each of those risk mitigation steps will then be assigned. This will be captured in a 'Risk Assessment and Control Matrix' which comprising of the key top risks.

RISK MANAGEMENT COMMITTEE

The Board of Directors of **BCL INDUSTRIES LIMITED** shall constitute and reconstitute the Risk Management Committee. The Board is to define roles and responsibilities of the Committee and review them as and when deem fit. The committee shall also review and monitor the cyber security. This committee is responsible for effective implementation of the Risk Management Policy in the company.

CONSTITUTION

The committee shall consist of at least three members duly appointed by the Board as the member of the committee including at least one independent director. Senior executives of the company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors. The majority of Committee shall consist of members of the Board of Directors. 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 atleast one member of the Board of directors in attendance.

ROLE & RESPONSIBILITIES

The primary role of Risk Management Committee is to assess the vulnerability of the Company to existing and future risks and assess the acceptable levels of risks. The Board of Directors may extend the committee's role as per the changing circumstances. The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

The role and responsibilities of Risk Management Committee are as following:-

1. To formulate a detailed risk management policy which shall include:

(a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

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

(c) Business continuity plan.

2. To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company. Implementing and monitoring the risk management plan for the company and reframe the risk management plan and policy including evaluating the adequacy of risk management systems as it may deem fit.

3. Lay down procedures to inform Board members about the risk assessment and minimization procedures and to keep the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken.

4. Monitoring and reviewing of the risk management plan and policy from time to time and at least once in two years including by considering the changing industry dynamics and evolving complexity.

5. The appointment, removal, and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee.

6. 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.

7. Activities as may be required to be done under the Companies Act 2013 or SEBI (LODR) Regulations, 2015.

REVIEW

The Board of Directors may review the Risk Management Policy from time to time. The Board may also alter, modify, or extend the policy as per the need of the circumstances. The committee may also review the risk management plan and policy and recommend to the Board from time to time and at least once in two years including by considering the changing industry dynamics and evolving complexity.

NON-EXHAUSTIVENESS & DISCLAIMER

The risks stated above are not at all exhaustive. All concerned are accordingly cautioned and requested to exercise their own judgment in assessing various risks associated with the Company and the areas in which they deal and may suggest to the management their views and ideas for better identifying risk and dealing with the same.