



## **RISK MANAGEMENT POLICY**

### **OVERVIEW OF THE COMPANY**

BMW Industries Limited ('hereinafter referred to as the 'Company' or 'BMWIL') is one of the leading Industrial Groups in Eastern India, having multi location manufacturing units in the steel sector. A key factor for a Company's capacity to create sustainable value is the risks that the Company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Ability to identify and manage risks promptly is also a critical aspect of corporate governance. Many risks exist in a Company's operating environment and continuously emerge on day to day basis. Risk management does not aim at eliminating them, instead its focused at ensuring that these risks are known and addressed through a pragmatic and effective risk management process.

### **OBJECTIVES**

The objectives of Risk Management at BMWIL are to:

- Provide a framework that enables future activities to take place in a consistent and controlled manner.
- Understand and better manage the uncertainties which impact our performance.
- Improve decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.
- Contribute towards more efficient use/ allocation of the resources within the organization.
- Protect and enhance assets and Company's image
- Reduce volatility in various areas of the business
- Optimize operational efficiency
- Improve compliance with good corporate governance guidelines and practices as well as laws & regulations.





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## **DEFINITIONS**

“**Risk**” is any event or occurrence which can adversely affect the objectives/existence of the Company. These threats may be internal or external which may or may not be directly influenced to/by the Company and may arise out of routine or non-routine actions of the Company.

“**Risk Management**” is a structured, consistent and continuous process; for identifying, assessing, deciding on responses and reporting on the opportunities and threats that may affect the achievement of our objectives.

“**Policy**” means the Risk Management Policy.

## **THE RISK MANAGEMENT FRAMEWORK**

While defining and developing a formalized Risk Management process, leading risk management standards and practices have been considered. However, the focus has been made to make this process relevant to business reality and to keep it pragmatic and simple. The Risk Management Framework outlines the series of activities which the Company expects to deploy, assess, mitigate and monitor. It comprises essentially two elements:

- process that helps identify, prioritize and manage risks
- the roles and responsibilities for implementing the risk management programme.

## **RISK MANAGEMENT PROCESS**

The Risk Management process involves the following stages:

1. Establish the focus on laying down objectives that the company seeks to achieve and safeguard.
2. Assess risks - which comprises of
  - a) Risk identification – involves identification of relevant risks that can adversely affect the achievement of the objectives.
  - b) Risk prioritization – involves assessing the relative priority of each risk to arrive at the key risks or risks that matter.
3. Mitigate risks - This involves design and implementation of activities that helps to manage risks to an acceptable level. It involves assessment of the existing competency of management processes to mitigate risks and make improvements thereto.





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4. Monitor and Report - The Board has delegated the power to the Audit Committee to:

- Provide direction and evaluate the operation of the Risk Management programme and
- Review the risk assessments prepared by the Management, from time to time as may be necessary.

## **LIMITATION**

The Risk Management Framework does not intend to provide complete assurance against failures to achieve business objectives, nor does it provide full assurance against material misstatements, losses, frauds, human errors, misjudgments in decision-making and violations of legislation and regulations.

## **COMMUNICATION AND AMENDMENT**

Disclosure of this Policy will be made on the Company's website and shall be amended as and when required to the extent necessary.

