

RISK MANAGEMENT POLICY



Shri Bajrang Power & Ispat Limited

Regd. Off: Village Borjhara, Guma Road,
Uda Growth Centre,
Raipur-493221 (Chhattisgarh)
CIN: U27106CT2002PLC015184

RISK MANAGEMENT POLICY

BACKGROUND

This document lays down the framework of Risk Management (hereinafter the “**Risk Management Policy**” or “**Risk Management Strategy**”) at Shri Bajrang Power and Ispat Limited (hereinafter referred to as the “**Company**”) and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company that could severely impact or bring down the organization in terms of turnover, market share, goodwill, profitability, competition, technology obsolescence, investments, environment, human resources, and such other factors. This Risk Management Policy provides guidelines to define, measure, report, control and mitigate the identified risks.

OBJECTIVE

The objective of Risk Management at the Company is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise-wide risk management framework is applied so that effective management of risks is an integral part of every employee’s job.

STRATEGIC OBJECTIVES

1. Providing a framework that enables future activities to take place in a consistent and controlled manner.
2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.
3. Contributing towards more efficient use/ allocation of the resources within the organization.
4. Protecting and enhancing assets and company image.
5. Reducing volatility in various areas of the business.
6. Developing and supporting people and knowledge base of the organization.
7. Optimizing operational efficiency.

REGULATORY

Risk Management Policy is framed as per the following regulatory requirements:

A. Companies Act, 2013

1. Provisions of the Section 134(3)

There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include —

(n) 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.

2. Section 177(4) stipulates:

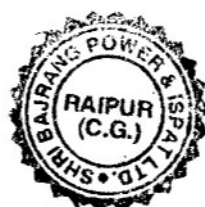
Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—

(vii) evaluation of internal financial controls and risk management systems.

3. SCHEDULE IV [Section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

II. Role and functions:



The independent directors shall:

(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

(4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

B. Securities and Exchange Board of India (Listing of Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "SEBI Listing Regulations")

1. Constitution of Risk Management Committee:

Pursuant to Regulation 21 of the SEBI Listing Regulations, the Board of Directors are required to constitute a Risk Management Committee which shall comprise of minimum three members with majority of them being members of the Board of Directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors, minimum three members with majority of them being members of the Board of Directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors. The Chairperson of the Risk Management Committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.

Regulation 21 of the SEBI Listing Regulations further states that the Risk Management Committee shall meet at least twice a year and the quorum of 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 cumulative basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

The Board of Directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit and such function shall specifically cover cyber security.

2. Role of the Risk Management Committee

PARAGRAPH C OF PART D OF SCHEDULE II:

Risk Management Committee: The role of the committee shall, inter alia, include the following:

(1) To formulate a detailed risk management policy which shall include: The Company has adopted various measures to mitigate the risk arising out of various areas described above, including but not limited to the following

(a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risk), 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;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;



(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

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.

APPLICABILITY

This Policy shall come into force with effect from 01/01/2024.

DEFINITIONS

"Risk Management Committee or Committee" or "Committee" means the committee or committees constituted under the provisions of Companies Act, 2013 for the purpose of Risk Management.

"Board of Directors" or "Board" in relation to any company means the Board of Directors of the Company. (Section 2(10) of the Companies Act, 2013)

"Policy" means Risk Management Policy.

POLICY

Before proceeding to the policy attention is drawn to the effect that the Board and Risk Management Committee are required to play under the above regulations governing Risk Management:

1. The Board's role under both the regulations is to ensure framing, implementing and monitoring risk management plan, having in place systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased angle to the Board's deliberations on making risk management systems more robust.
2. Risk Management Committee's role is evaluation of the risk management systems. This policy shall complement the other policies of Company in place e.g. Related Party Transactions Policy to ensure that the risk if any arising out of Related Party Transactions are effectively mitigated.

BROAD PRINCIPLES

The Board has to review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analyzing and mitigating all the material risks, both external and internal viz. Environmental, Business, Operational, Financial and others.

Communication of Risk Management Strategy to various levels of management for effective implementation is essential.

Risk Identification is obligatory on all vertical and functional heads who with the inputs from their team members are required to report the material risks to the Chairman and Managing Director (CMD) along with their considered views and recommendations for risk mitigation.



Analysis of all the risks thus identified shall be carried out by CMD through participation of the vertical/functional heads and a preliminary report thus finalized shall be placed before the Risk Management Audit Committee.

The following steps to be taken:

Risk identification: To identify organization's exposure to uncertainty. Risk may be classified in the following:

- i. Strategic Risk
- ii. Operational Risk
- iii. Financial Risk
- iv. Hazard Risk

RISK DESCRIPTION:

To display the identified risks in a structured format:

Name of Risk	
Scope of Risk	Qualitative description of events with size, type, number etc.
Nature of Risk	Strategic, Operational, Financial, Hazard
Quantification of Risk	Significance and Probability
Risk Tolerance/ Appetite	Loss Potential and Financial Impact of Risk
Risk Treatment and Control Mechanism	a) Primary Means b) Level of Confidence c) Monitoring and Review
Potential Action for Improvement	Recommendations to Reduce Risk
Strategy and Policy Development	Identification of Function Responsible to develop Strategy and Policy

RISK EVALUATION:

After risk analysis, comparison of estimated risks against organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk to be accepted or treated.

RISK ESTIMATION:

Can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

Impact level on performance/profit Both Threats and Opportunities

Reporting

- I. Internal Reporting



- a) Risk Management Committee
- b) Board of Directors
- c) Vertical Heads
- d) Individuals

2. External Reporting

To communicate to the stakeholders on regular basis as part of good Corporate Governance.

DEVELOPMENT OF ACTION PLAN

The Board has constituted a Risk Management Committee consisting of 3 members out of which 1 is Independent Director, and defined the Committee's role and responsibility. The Committee shall not only assist in implementation of the Risk Management Plan of the Board but also monitor its implementation and review. The members of the Risk Management Committee shall discharge the role of "Think Tank", ideate and bounce off their collective suggestions to the Board for periodic updating of the Risk Management Plan to ensure that the same is in sync with changing macro and micro factors having bearing on all material aspects of the businesses the Company is engaged in or shall undertake.

Risk Management Committee shall critically examine the report of CMD and each identified risk shall be assessed for its likely impact vis a vis the resources at the Company's disposal.

Guidelines to deal with the risks

Business Plan including Capital Expenditure and Fund Flow Statement for each segment together with SWOT analysis, data on Production Planning, Materials Management, Sales and Distribution, Delivery Schedules, Assets, Accounts Receivables and Payables as well as Regulatory Regime applicable shall be reviewed in the light of the material risks identified. Through deliberations of the Committee a comprehensive plan of action to deal with the risks shall be developed and guidelines flowing from such plan shall be communicated to the employees concerned for mitigation of the risks.

The Company has adopted various measures to mitigate the risk arising out of various areas described above, including but not limited to the following.

- A well-defined organization structure.
- Defined Flow of information to avoid any conflict or communication gap Hierarchical support personnel to avoid work interruption in absence/ non-availability of functional heads.
- Discussion and implementation on financial planning with detailed Annual Business Plans.
- Detailed discussion and analysis of periodic budgets
- Cash management services to avoid any loss of interest on collections.
- Measures to protect loss in Foreign Exchange transactions due to undue fluctuations in rates etc.
- Systems for assessment of creditworthiness of existing and potential contractors/sub-contractors/ dealers/vendors/ end-users.
- Provision for bad and doubtful debts Recovery management and follow up.
- Raw materials from different sources at competitive prices.
- Alternative sources for uninterrupted supply of required raw materials.
- Documented recruitment policy Well defined appraisal system on a periodical basis
- Employees training and development programmes.
- Redressal of Labour grievances by negotiations and conciliation.
- Employees and Workmen welfare activities including ESI, EPF, Gratuity Schemes
- Vigil Mechanism Policy (Whistle Blower Policy).
- Fixed assets Insurance with periodical review of adequacy, rates and risks covered under professional advice.
- Usage of Licensed software, IT related maintenance repairs and upgradation of the systems on a continuous basis, Protection for data integrity by access control & restriction
- Vetting, review and finalization of all legal and contractual documents as well as external legal experts, consultants.



- Internal control systems to detect, resolve, avoid any frauds.

BOARD APPROVAL

The Action Plan and guidelines decided by the Risk Management Committee shall be approved by the Board before communication to the personnel for implementation.

The Board shall approve the Risk Management (including Risk Treatment) strategy, control structure and policy guidelines and delegate authority and accountability for risk management to the Company's executive team.

The guidelines shall include prescription on:

RISK TREATMENT

Treatment of Risk through the process of selecting and implementing measures to mitigate risks. To prioritize risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/ mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. for

- a) Economic Environment and Market conditions;
- b) Fluctuations in Foreign Exchange;
- c) Political Environment;
- d) Competition;
- e) Revenue Concentration;
- f) Inflation and Cost Structure;
- g) Technological Obsolescence;
- h) Financial Reporting;
- i) Legal;
- j) Compliance with Local Law;
- k) Project Management;
- l) Environmental conditions and changes;
- m) Effective and efficient operations;
- n) Effective Internal Controls;
- o) Human Resource Management

Risk Treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

RISK REGISTERS

Risk Registers shall be maintained showing the risks identified, treatment prescribed, persons responsible for applying treatment, status after the treatment etc. Risk Managers and Risk Officers to be identified for proper maintenance of the Risk Registers which will facilitate reporting of the effectiveness of the risk treatment to the Risk Management Committee, and the Board.

Enterprise Risk Planning (ERP package) shall play a key role in timely availability of all data/reports required for the Committee to Develop the Action Plan as stated above.

The Board shall have the discretion to deal with certain risks (may be called Key or Highly Sensitive Risks) in the manner it may deem fit. Mitigation of such Highly Sensitive/Key risks and effectiveness of their mitigation measures and review of the strategy may be directly discussed by the Board members with Audit Committee.

ROLE OF MANAGEMENT COMMITTEE



The following shall serve as the role and responsibility of the Risk Management Committee authorized to evaluate the effectiveness of the Risk Management Framework:

1. Review of the strategy for implementing risk management policy
2. To examine the organization structure relating to Risk Management
3. Evaluate the efficacy of Risk Management Systems – Recording and Reporting
4. To review all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management Policy and relevant regulatory guidelines
5. Management Policy and relevant regulatory guidelines
6. To define internal control measures to facilitate a smooth functioning of the risk management systems
7. Ensure periodic review of operations and contingency plans and reporting to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems.

INTEGRATION OF RISK MANAGEMENT STRATEGY

Company's risk management strategy is to be integrated with the overall business strategies of the organization and its mission statement to ensure that its risk management capabilities aid in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

PENALTIES

The penalties are prescribed under the Companies Act, 2013 (the Act) under various sections which stipulate having a Risk Management Framework in place and its disclosure.

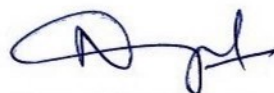
Section 134 (8) (dealing with disclosure by way of attachment to the Board Report): If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

There are other provisions of the Act as well as SEBI Act which stipulate stiff penalties.

Therefore, this Policy prescribes that violation of the provisions applicable to Risk Management Framework is something the Company cannot afford to risk.

REVIEW

This policy shall evolve by review by the Risk Management Committee and the Board from time to time as may be necessary. This Policy will be communicated to all the employees and other concerned persons of the Company.





**SHRI BAJRANG
POWER AND ISPAT LTD.**

BELIEF, STRONGER THAN STEEL.

POWER | STEEL | MINING

RESOLUTION No. 14

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE 4TH MEETING OF BOARD OF DIRECTORS OF SHRI BAJRANG POWER & ISPAT LIMITED HELD ON TUESDAY, THE 15TH DAY OF JUNE, 2021 AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT VILLAGE BORJIHARA, GUMA ROAD, URLA GROWTH CENTRE, URLA, RAIPUR- 493221 (C.G.) AT 12:00 P.M. TO 02.00 P.M.

Adoption of Policies

“RESOLVED THAT in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018, (including any amendment thereof), the draft Policy on Identification of Group Company, Dividend Distribution policy, Corporate Social Responsibility Policy, Risk Management Policy, Nomination & Remuneration Policy, Policy for Preservation of Documents, Vigil Mechanism (Whistle Blower Policy), Code of Conduct for Directors Senior Management & Independent Directors, Familiarization Programme for Independent Director, Board Diversity Policy, Archival Policy, Policy on determination of Materiality of Events and Information and Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions of Company as placed before the Board be and is hereby amended and approved”

//CERTIFIED TRUE COPY//

FOR SHRI BAJRANG POWER AND ISPAT LIMITED

Shri Bajrang Power And Ispat Ltd.

Director / Authorised

NARENDRA GOEL
MANAGING DIRECTOR
DIN: 00115883
RAIPUR (C.G.)

CIN No. : U27106CT2002PLC015184

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