

**BHEEMA CEMENTS
LIMITED**

**RISK
MANAGEMENT
POLICY**

*Approved and Adopted in the
Meeting of the Board of
Directors held on 11th January,
2021*



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BACKGROUND

This Policy is in compliance with SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 and provisions of Companies Act, 2013 read with Rules made thereunder which requires the Company to lay down procedures about the risk assessment and risk minimization. This document lays down the framework of Risk Management at Bheema Cements 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 and provides guidelines to define, measure, report, control and mitigate the identified risks.

OBJECTIVE

The objective of Risk Management at Bheema Cements Limited 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 can become an integral part of every employee's job.

STRATEGIC OBJECTIVES

1. Providing a framework that enables future activities to take place in a consistent & 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 REQUIREMENT

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)]

I. 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;

CLAUSE D: ROLE OF AUDIT COMMITTEE

The role of the Audit Committee shall include the following:

11. Evaluation of internal financial controls and risk management systems;

VI. RISK MANAGEMENT

A. The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

B. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.

C. The Company shall also constitute a Risk Management Committee. The Board shall define the roles and responsibilities 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.

Bheema Cements Limited being a listed Company, is required to adhere to the sections and rules made by the Companies Act, 2013.





DEFINITIONS

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under the provisions of Companies Act, 2013 and Listing agreement.

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

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.

POLICY NORMS

At Bheema Cements Limited, we believe that an effective Risk Management process is the key to sustained operations thereby protecting Shareholder value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities. The company shall ensure implementation of effective Enterprise Risk Management by: -

1. Putting in place Risk Management Frameworks and Processes.
2. Identifying risks and promoting a pro-active approach to treating such risks.
3. Allocating adequate resources to mitigate and manage risk and minimize their adverse impact on outcomes.
4. Optimising risk situations to manage adverse exposure on deliverables and bring them in line with acceptable Risk Appetite of the Company.
5. Striving towards strengthening the Risk Management System through continuous learning and improvement.
6. Providing clear and strong basis for informed decision making at all levels of the organisation on an ongoing basis, having duly evaluated like risks and their mitigation plan being controllable and within risk appetite.
7. Delineating business continuity processes and disaster management plans, for unforeseen exigencies and keeping the organization constituents, prepared to appropriately and adequately deal with such circumstances, under eventuality of such happenings.
8. Complying with all relevant laws and regulations across its areas of operation.
9. Communicating this policy to the required stakeholders through suitable means and periodically reviewing its relevance in continuously changing business environment.





DEVELOPMENT OF ACTION PLAN

The Board of Directors has defined their role and responsibility for risk management activities. The Board shall implement the Risk Management Plan and also monitor its implementation and review on a regular basis. The Board of Directors shall collectively review and periodically update 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.

BOARD APPROVAL

The Board shall also 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) Effective and efficient operations
- b) Effective Internal Controls
- c) Compliance with laws & regulations

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

ROLE OF AUDIT COMMITTEE

The following shall serve as the Role and Responsibility of the Audit Committee authorized to evaluate the effectiveness of the Risk Management Framework:

- Review of the strategy for implementing risk management policy
- To examine the organization structure relating to Risk management
- Evaluate the efficacy of Risk Management Systems – Recording and Reporting
- To review all hedging strategies/risk treatment methodologies vis-à-vis compliance with the risk Management Policy and relevant regulatory guidelines
- To define internal control measures to facilitate a smooth functioning of the risk management systems
- Ensure periodic review of operations and contingency plans and reporting to Board in order to





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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 aide 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 be reviewed by the Board from time to time as may be necessary.

This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company.

