

BENGAL & ASSAM COMPANY LIMITED (BACL)
Risk Management Policy
Adopted on 19th May, 2018

1. Introduction:

Objectives

Risk is an inherent aspect of the dynamic business environment. Risk Management Policy helps organizations to put in place effective frameworks for taking informed decision about risks. To minimize the adverse consequence of risks on business objectives the Company has framed this Risk Management Policy. The guidance provides a route map for risk management, bringing together policy and guidance from Board of Directors.

Importance of Risk Management

A certain amount of risk taking is inevitable if the organization is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance by contributing to:

- Increased certainty and fewer surprises,
- Better service delivery
- More effective management of change
- More efficient use of resources
- Better management at all levels through improved decision making,
- Reduced waste and fraud, and better value for money,
- Innovation,
- Management of contingent and maintenance activities.

2. The Company's business activities are investment activities comprising of long term investment activities i.e. Long Term Capital and Strategic Investments. Besides, the Company's business activities also include lending activities. The Company makes investments in group Cos., Money Market Mutual Funds, etc. Investment business is always prone to various risks i.e. risk of capital market fluctuations, global developments, competition risk, interest rate volatility, economic cycle and political risks which can affect the fortunes of investment companies.

3. Composition of the Committee

The Risk Management Committee will have the following members:

- | | | |
|---------------------|---|-------------------------|
| - Shri A.K. Klnra | - | Chairman |
| - Shri U.K. Gupta | - | Chief Financial Officer |
| - Shri Dillip Swain | - | Company Secretary |

4. To manage the risk associated with investment and Lending, the Company is following a sound and prudent risk management policy. The aim of the policy is to minimize risk and maximize the returns.

- The Company shall hold its existing investment for Long Term in the Promoter Stake of Group Companies which provide the right of management of the Group Companies, irrespective of volatility in the capital market. In respect of investments other than group Companies, the Company is following medium risks and medium returns policy and mainly invested in Money Market Mutual Funds as per RBI guidelines.

- The Company shall be making investments in an optimum blend of securities consisting of Equity Shares, Preference Shares, and Debt Instruments like Mutual Funds, and Debt Securities etc. However, the actual composition of securities will depend upon the prevailing market conditions, opportunity available and risk factors associated with those securities.
- The Company shall be making investments in Mutual Fund after considering all pros and cons
- The Company shall extend loans mainly to entities associated with Bengal & Assam Company Ltd.. Interest rate and security will be main considerations, while extending such loans.
- The Company shall employ Senior Management Key personnel of top caliber and educated experienced staff to conduct its various day to day NBFC activities and will continue employing the same in future also as per the requirements of the Company. The Company will encourage its managerial personnel to attend various training and educational seminars to have themselves updated with the knowledge of latest developments in the market.
- The Company will try to diversify its investment to have better returns with lesser risk, as per the opportunities available in the market as per RBI guidelines prescribed.

5. **Risk Mitigation Measures**

For risk management to be effective, all operations must apply the following measures to the context of their particulars business and its objectives:

Risk response is a process by which the management evaluates and adopts mitigation measures. This should also involve assessment of costs versus benefits of the proposed measures and degree to which the response will reduce impact and/or likelihood of risk events.

- Control activities are the policies and procedures in place to ensure that risk mitigation measures agreed are implemented.
- Information and communication activities ensure that all staff are familiar with risks identified and mitigation measures and plan. This helps in successful implementation of risk response.
- Monitoring helps determine the effectiveness of the processes, technologies and personnel executing risk management. To the extent, monitoring should be in-built to on-going monitoring activities, operational, procurement and financial. Where required, separate evaluations of the risk management process could be carried out to address any special.

6. Other

Company has a disciplinary approach for investments/lending to the group Cos. keeping in view the guidelines prescribed by Reserve Bank of India for our Company.

After identifying the hazards and the factors contributing to their occurrence, prioritizing goals, to either reduce the probability of the risk occurring and/or to limit the impact of the risk is the first of a two-part process. The second part is to determine what steps will accomplish the above priorities and implement a realistic plan that keeps your personnel and property safe. The experts at Risk Management Committee can add the crucial local intelligence that can significantly reduce the risks involved.

This policy is a statement of the overall approach to risk management and Lending business. The overriding purpose of risk management is mainly achievement of the Company's objectives.

The policies may be changed or altered keeping in mind the new developments and market conditions.