

BEEKAY STEEL INDUSTRIES LIMITED

RISK MANAGEMENT POLICY

BEEKAY STEEL INDUSTRIES LIMITED - RISK MANAGEMENT PROCEDURE

1.Introduction

Risk evaluation and management is an important tool in the decision making process. Identification of risks and taking effective steps for mitigation of risks will result into substantial saving.

The Company's Risk Management Policy ("the Policy") outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and provisions of the Companies Act, 2013 ("the Act"), which requires the Company to lay down procedures about risk assessment and risk minimization.

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 decisions 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.

Formation

The Board of Directors of the Company shall form a Risk Management Committee (hereinafter referred to as "Committee") who shall periodically review this Policy of the Company so that the Management controls the risk through properly defined network. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.

The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day to day basis.

The Risk Management Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

Roles and responsibilities

* To frame, implement and monitor the Risk Management Plan for the Company.

* To ensure that the Risk Management Policy is being followed and effectively contributing to early identification of risks and proper mitigation process.

* Will review and approve list of risk identified, risk treatment and control mechanism.

The key elements of the Company's risk management program are set out below.

The Company is exposed to following Risks

1) Industry Risks

These risks broadly relate to the Company's business or industry namely:

- Economic risks
- Market Structure
- Currency Risk
- Competition risks effecting tariffs, prices, costs, revenues and customer preferences.

Risk Mitigation Measures

These risks are external risks on which Company have no control. But Company with the experience gained during the past is able to predict certain changes in the market and taking measures to overcome from such adverse situation. The Company has long term relations with its clients and know the preferences of customers and also changes in the prices, Demand and Supply.

2) Operating Risks

Operating risks broadly relate to the Company's business and management such as operation, planning, monitoring and noncompliance with the rules and regulations in the day to day management process namely, Inadequate crisis management preparedness, noncompliance with Safety, Health & Environmental regulations.

Risk Mitigation Measures

Following are the Risk mitigation measures relating to the Business Operation:

- To cope up with any possible crisis that may arise during the plant operations, a detailed Emergency Response Plan is made ready to protect the Employees, Buildings and Machinery is made ready.
- On-site Emergency response to effectively deal with the threats,
- Training programs for all the HODs and employees.

3) Human Resource Risks

Personnel risks such as Labour turnover risks involving replacement risks, training risks, cost risks, skill risks, etc.

Risk Mitigation Measures

- Company has proper recruitment policy for recruitment of personnel at various levels in the organization
- Company has proper appraisal system for giving yearly increment and also promoting the employees to a higher level in the Hierarchy
- Training is provided to the employees at regular intervals to upgrade their skills
- Labour problems are solved.
- Bonus, Gratuity and other benefits are being paid within the stipulated time as per the rules of the Company and also as prescribed under various statutes
- Activities relating to Welfare of employees are being taken on top priority.

4) Market Risks

These risks relate to market conditions namely:

- Anticipated decrease in demand for steel products, competition on products affecting operating profits

Risk Mitigation Measures

Following are the Risk mitigation measures adopted by the Company to mitigate the risks relating to the Market:

- Effective steps have been taken to reduce the inventory levels.
- Majority of the customers are negotiating prices on quarterly basis and due to this the company is in a better position to negotiate prices on the basis of changes in raw materials prices.
- Long term conversion agreements ensuring adequate capacity utilization at all times.

5) Political Risks

These risks relate to Political uncertainties namely:

- Elections
- Country/Area Risks
- Fiscal/Monetary Policy Risks.

Risk Mitigation Measures

These are external risks on which Company has no control. These risks are common to every industry. The growth in the demand for Steel is expected to be driven by increasing use of steel and infrastructural development including construction, automobiles, transportation etc.

Following are the Risk mitigation measures adopted by the Company to mitigate the risks relating to the Political:

- The Company will make endeavor to maintain good quality of its products.
- Explore new markets for demand of its business.
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6) Credit and Liquidity Risks

These are financial risks factors namely:

- Working Capital Management

Risk Mitigation Measures

Following are the Risk mitigation measures adopted by the Company to mitigate the risks relating to the Credit:

- Credit limits have been put in place for customer
- Systems have been put in place for assessment of creditworthiness of Customers
- Provision for bad and doubtful debts are made to know the correct financial position of the Company
- Whenever it is found that certain customers fail to pay the amount due to the Company, necessary suits are filed in the Courts for recovery of amounts.

- The Company is having adequate working capital limits to run the business. At present it is operating at less than 50% of the sanctioned limits. As such it does not foresee any risk in this regard.

7) Disaster Risks

These risks are generally of following nature namely:

- Natural risks like Fire, Floods, Earthquakes, Pandemics etc.

Risk Mitigation Measures

Following are the Risk mitigation measures adopted by the Company to mitigate the risks relating to the Disaster:

- Company has insured all its Properties from Natural risks like Fire, Floods, Earthquakes, etc.
- Fire Extinguishers at fire sensitive locations have been put up
- First aid training to watch and ward staff and safety personnel is given
- Workmen of the Company are covered under ESI, PF, EPF to meet the events of death, disablement and sickness compensation

8) System Risks

These risks relate to the Company's Information Technology environment namely, IT system (SAP) is unavailable to its end users, the organization's mission may be affected and system and data confidentiality refers to the protection of information from unauthorized disclosure.

Risk Mitigation Measures

In the information technology age which every Company is exposed to the risks relating to reliability, data integrity and confidential risks. In case of hardware failures, "Same Business Day" replacement has been agreed upon with service providers/vendors, a stringent change management procedure is being followed to make configuration changes to hardware as well as software changes.

9) Legal Risks

These risks relate to the following:

- Contract Risks
- Contractual Liability
- Frauds
- Judicial Risks
- Insurance Risks

Risk Mitigation

Following are the Risk mitigation measures adopted by the Company to mitigate the risks relating to the Legal:

- Conflicts will be resolved as per the advise from legal professionals like Advocates
- Proper care in terms of reading of different clauses in insurance Policy is being taken while taking insurance on the properties of the Company to avoid any dispute at the time of claim.
- Systems have been put in place to make timely payment of insurance and full coverage of properties of the Company under insurance.
- Internal control systems are existing in the Company to have proper control on the operations of the Company and to detect any frauds.
- Internal audit is done by an independent audit firm to ensure whether the operations of the Company are being done in accordance with the defined systems and procedures.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems and procedures with regard to purchase of stores, raw materials including components, plant and machinery equipment, sale of goods etc.

The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

The Company has appointed independent Professional Audit Firm as Internal Auditors to review the Internal Control System of the Company. The Internal Auditors carry out their review process and present their observations in every quarter to the Senior Management and the Audit Committee. Accordingly, necessary actions are being taken to strengthen the system.

REVIEW OF THE RISK MANAGEMENT PROCEDURE

The Risk management procedure shall be reviewed by the Audit Committee on a Quarterly basis at the time of review of Quarterly Financial Results of the Company.

DISCLAIMER CLAUSE

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not experts in its risk factors, risk mitigation measures and management's perception of risks, therefore readers are requested to exercise their own judgment in assessing various risks associated with the Company.

By Order of the Board
for **Beekay Steel Industries Limited**

Sd/-

Place : Kolkata
Date :29.06.2021

Manav Bansal
Wholtime Director & CFO