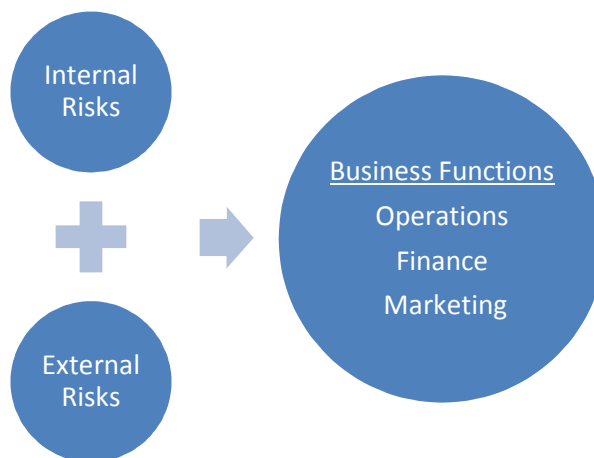


RISK MANAGEMENT POLICY

Preamble: The term Risk refers to expose (someone or something valued) to danger, harm, or loss. The term **Business Risk** refers to the possibility of inadequate profits or even losses due to uncertainties. Every business organization contains various risk elements while doing the business. Business risks implies uncertainty in profits or probability of loss and the events that could pose a risk due to some unforeseen events in future, which causes business to fail. For example, a business may face different risks like in production, risks due to irregular supply of raw materials, machinery breakdown, labour unrest, etc. In marketing, risks may arise due to different market price fluctuations, changing trends and fashions, error in sales forecasting, etc. In addition, there may be loss of assets of the firm due to fire, flood, earthquakes, riots or war and political unrest which may cause unwanted interruptions in the business operations. Thus business risks may take place in different forms depending upon the nature and size of the business. Business risks can be classified by the influence by two major risks: **internal risks** (risks arising from the events taking place within the organization) and **external risks** (risks arising from the events taking place outside the organization). In any business, the management function both at strategic and tactical level mainly revolves on three fundamental verticals, Operations, Marketing and Finance. Therefore any business risk whether internal or external affects any of these three functions or areas of business and therefore can be sub-classified into Operational Risk, Marketing Risk and Financial Risk. The following diagram illustrates the position:



THE MANAGEMENT OF RISK

Risk Management refers to the practice of identifying potential risks in advance, analyzing them and taking precautionary steps to reduce/curb the risk. The aim of adopting any risk management practice is not to eliminate the risk associated with a business, but rather to **identify** the potential risks in advance and **minimize** adversity.

The process of Risk Management shall cover the following:

a) Risk Identification and Categorization – the process of identifying the company's exposure to uncertainty classified as Marketing/Financial/Operations.

b) Risk Description – the method of systematically capturing and recording the company's identified risks in a structured format

c) Risk Estimation – the process for estimating the cost of likely impact either by quantitative, semi-quantitative or qualitative approach.

d) Risk Averment- the process of adopting tools and techniques to reduce the impact of identified risks.

e) Risk Reporting- the practice of monitoring and reporting on the impact of risk mitigation tools adopted.

RISK MANAGEMENT POLICY

B&A Ltd is having an established '**Risk Mitigation System**' in place that comprises of reasonable use of insurance products primarily to cover its exposure to financial risks resulting from natural calamities and operational adversities. Further electronic auctions and payment settlement systems in Kolkata and Guwahati auction centers has not only improvised price discovery mechanism in a transparent manner but also removed the risk of payment defaults by buyers. A review report on garden operations, rainfall, marketing, financial, regulatory either from the top management or from the internal auditors are appraised by the Audit Committee of Directors on regular basis and evaluated by the members thereof to identify potential risk prone areas. Corrective actions as suggested by the committee are adopted by the management to ensure that all identified risks are provided adequately and unidentified risks are guarded to the extent feasible.

Every organization applies its own management techniques to mitigate risks even in routine or repetitive functions. However, today's business organization which runs through a complex structure relying on inbound and outsourced services are exposed to higher risks which have the potential to challenge its very existence if not controlled in its root. Therefore the requirement of the time is to adopt a structured policy on risk management tools and techniques that can be espoused at a strategic level of the organization and disseminate the policy to operational level so that the efforts and resources of the organization are directed in a synchronized way to alleviate risks.

The Government of India has also recognized the need of such adoption by every corporates by introducing section 134(3n) in the Companies Act' 2013 and has mandated the Board of Directors to include in its annual report a statement on development and implementation of appropriate risk management policy of the company. Further the recent changes brought by

SEBI in clause 49 of the Listing Agreement has also casted the responsibility on the Board of every listed company to adopt a risk management plan.

In deference to the above Board of Directors of B&A Ltd adopts this '**Policy of Risk Management**' as a macro level initiative and as a Strategic Management Tool to guide the Executive Management in taking initiatives in each broad head of '**Key Risk Factors or Areas**' which are identified in this policy and detailed in the Schedule attached herewith.

This Policy facilitates management of risks associated with the activities of the company and minimizes the impact of undesired and unexpected events. The Board reserves the right to bring any change in this policy and direct the executive management on the sustainability programme and sub-action plans to be initiated to mitigate the key risk factors identified here. The Board will also monitor and review the impact of initiatives undertaken by the company on a regular basis.

RISK CELL

The Company will constitute a **Risk Cell** within a reasonable time frame constituting managers and outside experts in specialized fields, if and when required. The function of this cell will be assisting the Managing Director in accessing and monitoring the business risks especially in Risk Prone Areas, plans to mitigate or avoid the risks, cost involved to implement risk mitigation tools, cost of impact on business due to non-implementation, etc.

REPORTING

The Risk Cell will place its report on half yearly basis before the Board on the initiatives undertaken.