

# BF INVESTMENT

## Risk Management Policy

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**Correspondence Address:**  
Cyber City, Tower 15, Level 6, Office 602,  
Magarpatta City, Hadapsar, Pune 411013.  
Phone: +91-20-6629 2550/26



**KALYANI**  
GROUP COMPANY

**CIN:L65993PN2009PLC134021**

BF INVESTMENT LIMITED, MUNDHWA, PUNE CANTONMENT, PUNE 411 036, MAHARASHTRA, INDIA  
Phone : +91-20-26822552, 26702777 Fax : +91-20-26823061  
Email : bfinvestment@vsnl.net

# BF INVESTMENT

## 1. Introduction

Risk management is an integral component of good governance and fundamental in achieving the Company's Strategic and operational objectives. It improves decision making, defines opportunities and mitigates events that may impact shareholder value.

BF Investment Limited desires to refine its organization wide capabilities in risk management so as to ensure a consistent, effective and assessment of risks in the achievement of the organization's objective. It view risk Management as an integral to its objective of creating and maintaining business continuity, shareholder value and successful executive of its strategies.

The Company's risk management policy provides to framework to manage the risk associated with activities. It is designed to identify access, monitor and manage risk.

## 2. Objectives

The Revised Risk management policy forms an integral part of internal control and corporate Governance framework of BF Investment Ltd. The Company's Risk Management policy endeavours to support its objective among other by-

- Ensuring sustainable business growth with stability and promoting a Pro-Active approach in reporting, evaluating and resolving risks associated with the business.
- Providing a framework a enable future activities to take place in a consistent and controlled manner.
- Improving decision making, and prioritization by comprehensive and structured understanding of business activities, volatility and opportunity/ threats.
- Evaluating the likelihood and impact of major adverse events;
- Developing responses to either prevent such event from occurring or manage and minimize the impact of such event , if it does occur;
- Identifying and unmitigated risk and formulating action plans for addressing such risks;
- Compliance with provision of relevant legislations

The Company strongly believes that Risk Management implementation should be in spirit and not only in form.

## 3. Statutory Requirements

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The Companies Act-2013 and SEBI Regulation have paced additional responsibilities on the Board of the Directors and Management to have structured Enterprises-Wide Risk Management which is reviewed and reported periodically including;

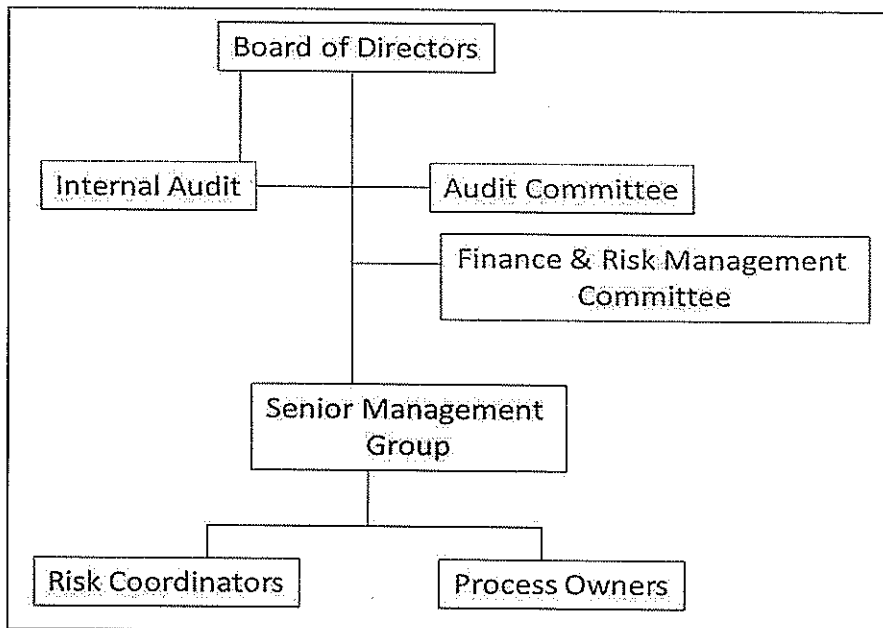
- The Board of Directors report must include a statement indicating development and implementation of a risk Management policy for the Company including identification to element of risk, if any which in the opinion of the Board may threaten the existence of the Company.
- The Audit Committees shall act in accordance with the term of reference specified in writing by the Board, which shall, inter alia , include evaluation of risk management system
- Independent Directors should satisfy themselves that system of risk management are robust and defensible

The Board of the Company is responsible for overseeing the establishment and implementation by Management of risk management system and reviewing the effectiveness of these systems.

## 4. Who the Policies Applies to

This Policy shall apply all locations of the Company including its operations and all support functions.

## 5. Risk Organization Structure



## 6. Roles and Responsibilities

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## I. The Board :

- Approve and review the Risk Management Policy
- Define the Company's Risk appetite
- Identify and assess internal and external risk that may impact the Company in achieving its strategic objective or may threaten the existence of the Company
- Oversee the development and implementation of risk Management framework and maintain an adequate monitoring and reporting mechanism.
- Formulates risk Management strategy to manage the identify risks
- Give Directions to the Audit Committees and Finance and Risk Management Committee on top priority risk identify and its mitigation plan.

## II. Audit Committee and the Finance and Risk Management Committee:

- Review and Recommend to the Board of the Risk Management Policy
- Recommend the Company's risk appetite to the Board
- Review key escalated by the senior management team and suggest Direction, of required and escalate the same to the Board, as deemed to fit.
- Ensuring ongoing review and Compliance of the risk Management Framework
- Hold review meeting on a half basic or as frequently as required.

## III. Senior Management of the Company ( SMG):

The SMG comprises of core management team of Vice President and above which head Individuals function in the Company. They Will:

- Implement and monitor the principles, action and requirement of the Risk management plan
- Provide necessary tools and resource to identify and manage risks

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- Review risks on quarterly basic – identification of new risk , changes to existing risks, updating risk register etc.
- Reporting the status of risk items to the Finance and Risk management Committee and Audit Committee
- Appraise risk owner action taken to manage risk and correction of inappropriate performance
- Internal Compliance and control system for the implementation of the risk Management plan and

## IV. Risk Coordinators and Process Owner:

They will play a key role in supporting the term in developing, maintaining and embedding the risk Management framework within the Company. They will

- Identify any perceived risk at ground level in various processes
- Ensure that implementation of recommendation and action plan finalized by the board, as per the policy, is done in spirit.
- Ongoing maintenance of risk framework and documentation including policies and procedures.
- Support and manage the risk workshop process.
- Take notes and produce draft minutes of key Risk Management Meetings

## V. Internal Audit:

Further, the Independent internal Audit function shall provide assurance on the integrity and robustness of the risk Management process.

## 7. Risk Management Process

### I. Risk Universe Analysis

Risk Analysis involves consideration of the source of risk, their consequences and the likelihood that those consequences may occur. The existing systems, control measures and procedures to control risk are identified and their effectiveness is assessed. The impact and likelihood of an event and its associated consequences are assessed in the of the existing controls.

### II. Risk Identification

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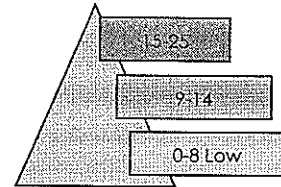
Risk Identification is obligation on all vertical and functional heads that with the input from their team member are required to report the materials risk to the SMG along with the considered views and recommendations for risk mitigation. Analysis of all the risk thus identified shall be carried out by the SMG through participation of the vertical/functional heads.

### III. Risk Assessment

Risk evaluation involve comparing the level of risk found during the analysis process against the pre-defined risk weight so as to assess their potentials severity of loss and to the probability occurrence. Risk weights of High/ Medium /Low can be assigned based on parameter for each operating activity. The output of the risk evaluation is a prioritized list of risks for further action. If the resulting risk, fall into the low or accepted risk categories they may be accepted with minimal further treatment.

Risk Assessment Matrix

Almost Certain	(5)	Low	Medium	High	High	High
Likely	(4)	Low	Low	Medium	High	High
Possible	(3)	Low	Low	Medium	Medium	High
Unlikely	(2)	Low	Low	Low	Low	Medium
Remote	(1)	Low	Low	Low	Low	Low
↑Probability		(1)	(2)	(3)	(4)	(5)
→Consequence		Insignificant	Minor	Moderate	Major	Catastrophic



### IV. Risk Response

Risk Response involve identifying the range of option for treating risk, assessing those option, preparing risk treatment plans and implementing them. Options include avoiding the risk, reducing the likelihood of the occurrence, reducing the consequences, transferring the risk, and the retaining the risk. Gaps will then be identified between what mitigating steps are in place and what is desired. The action plan adopted will be documented and its implementation tracked as part of the reporting process.

Ownership and responsibility for each of those risk mitigation steps will then be assigned. This will be captured in a 'Risk assessment and control Matrix', which comprising of the key top risks.

### V. Reporting

The SMG should provide assurance to the Audit Committee and Finance and Risk Committee with regard to the financial records, risk management and internal compliance.

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Risks will be continuously monitored and reviewed; and the effectiveness of the control in place and of the risk action plans is assessed to ensure changing circumstances do not alter risk priorities.

## VI. Policy Review

This policy shall be reviewed periodically ensure effectiveness and that it's continue application and relevance to the business. Feedback on the implementation and the effectiveness of the policy will be obtained from the risk reporting process, internal audit and other available information.

## 8. Entry into Force

This revised policy formally enters into force with immediate effect after approval by The Board of directors of the Company.

For BF Investment Limited

Sd/-  
Director

Date : February 13, 2016  
Place : Pune

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