BLAL

BEML LAND ASSETS LIMITED

Risk Management Policy

[*As duly approved by the Board of Directors in its 12th Meeting held on 12.12.2022*]

INDEX

1. INTRODUCTION

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the activities of BEML Land Assets Limited (the Company). Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

2. OBJECTIVE OF POLICY

The Company is prone to inherent business risks. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

This policy is in line with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, (hereinafter referred as "LODR"), which requires the Company to lay down procedures for risk assessment and risk minimization.

3. DEFINITIONS

"Audit Committee" means Committee of Board of Directors of the Company constituted under provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the LODR.

"Board" means Board of Directors of the Company

"Company" means BEML Land Assets Limited

"Risk" is defined as the chance of a future event or situation happening that will have an impact upon company's objective favorably or unfavorably. It is measured in terms of consequence and likelihood.

"Risk Management" encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring**.**

4. RISK APPETITE

A critical element of the Company's Risk Management Framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of the business objectives. The key determinants of risk appetite are as follows:

(i) shareholder and investor preferences and expectations;

(ii) expected business performance (return on capital);

(iii) the capital needed to support risk taking;

(iv) the culture of the organisation;

(v) management experience along with risk and control management skills;

(vi) longer term strategic priorities.

Risk appetite is communicated through the Company's strategic plans. The Board and management monitor the risk appetite of the Company relative to the Company's actual results to ensure an appropriate level of risk tolerance throughout the Company.

5. RISK MANAGEMENT FRAMEWORK

The Company believes that risk should be managed and monitored on a continuous basis. As a result, the Company has designed a dynamic risk management framework to allow to manage risks effectively and efficiently, enabling both short term and long term strategic and business objectives to be met. The Risk identification, assessment and analysis framework may be based on processes identified in the **Annexure I to V** as appropriate.

The Company's approach to risk management is summarized as below:

1. Identification of risks

To ensure key risks are identified, the Company:

- defines the risks in context of the Company's strategy. Use brainstorming technique;
- documents risk profiles, including a description of the material risks; and
- regularly reviews and updates the risk profiles
- Create a What-if scenario of uncertain events that can impact the planned results positively or negatively.

The Company's Risk Profile is summarized as below:

2. Assessment of risks

The Risk assessment methodology shall include:

- collection of information;
- identification of major risks;
- rating of each risk on the basis of;
  - Consequence
  - Exposure
  - Probability
- prioritization of risks;
- function-wise exercise on risk identification, risk rating, control;

- function-wise setting the level of responsibility and accountability.

3. Measurement and control

Identified risks are then analysed and the manner in which the risks are to be managed and controlled are then determined and agreed. The generally accepted options are;

- accepting the risk (where it is assessed that the risk is acceptable and where avoiding the risk presents a greater risk through lost opportunity);
- managing the risk (through controls and procedures);
- avoiding the risk (through stopping the activity);
- transferring the risk (through outsourcing arrangements);
- financing the risk (through insurance arrangements).

4. Continuous assessment

The Company's Risk Management Framework requires continuing cycle of implementing, monitoring, reviewing and managing the risk management processes.

RISK PROFILE

The identification and effective management of risks is critical in achieving strategic and business objectives of the Company. The Company's activities give rise to a broad range of risks which are considered under the following key categories of risk:

6.1 Strategic Risks

- Lack of responsiveness to the changing economic or market conditions, including commodity prices and exchange rates, that impact the Company's operations;
- Ineffective or poor strategy developed;
- Ineffective execution of strategy.

6.2 Financial Risks

- Financial performance does not meet expectations;
- Capital is not effectively utilised or managed;
- Cash flow is inadequate to meet financial obligations;
- Financial results are incorrectly accounted for or disclosed; and
- Credit, market and/ or tax risk is not understood or managed effectively.
- Forex exposure not adequately covered.

6.3 Operational Risks

- Difficulties in commissioning and operating a particular business;

- Unexpected increase in the costs of the components/ raw materials required to run a business;
- Adverse market conditions;
- Failure to meet the expenditure commitments on prospecting/ marketing a particular business;
- Inadequate or failed internal processes, people and systems for running a particular business.

6.4 Investment Risks

- Failure to provide expected returns for defined objectives and risk such as under-performing to the stated objectives and/ or benchmarks.

6.5 People's Risk

- Inability to attract and retain quality people;
- Inadequate succession planning;
- Inappropriate work culture & ethics;
- Inefficient whistle blower mechanism
- Inappropriate policy for woman safety at work place.
- Inadequate motivational programmes and;
- Inadequate upgradation in terms of training and skills

6.6 Legal and Regulatory Risks

- Legal/ Commercial rights and obligations are not clearly defined or misunderstood; and
- Commercial interests not adequately protected by legal agreements.

6.7 Information Systems

- Temporary failure of Hardware/ software and/ or Power.

6.8 Compliance Risks

- Non-conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

7. GOVERNANCE STRUCTURE

- The Company's Risk Management Framework is supported by the Board of Directors, Management and the Audit Committee.

7.1 Board of Directors

The Board will undertake the following actions to ensure risk is managed appropriately:

- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;
- Ensure that the appropriate systems for risk management are in place;
- Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;
- Be satisfied that processes and controls are in place for managing less significant risks;
- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into board reporting and annual reporting mechanisms.

7.2 Management

- Management is responsible for monitoring and whether appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met;
- To assist the Board in discharging its responsibility in relation to risk management;
- When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Chairman and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks;
- Reporting to the Board of Directors shall be the consolidated risks and mitigation strategies on a half yearly basis.

7.3 Audit Committee

- The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company;
- The Committee shall be responsible for evaluation of risk management systems.
- The Committee is responsible for monitoring overall compliance with laws and regulations. The Committee shall meet at least once a year to oversee the risk management and Internal Control arrangements and shall evaluate the risk management systems of the Company.

8. REVIEW OF THE POLICY

The Board will review this Policy from time to time to ensure it remains consistent with the Board's objectives and responsibilities.

9. PUBLICATION OF POLICY

This Policy will be available on the Company's website and the key features will be published in the annual report.

10. AMENDMENT TO POLICY

Chairman is authorized by the Board to amend or alter this Policy as may be required from time to time in accordance with the provisions of these Regulations and other applicable laws including any subsequent notification, circular, guidelines or amendments in this regard, as may be issued from time to time.

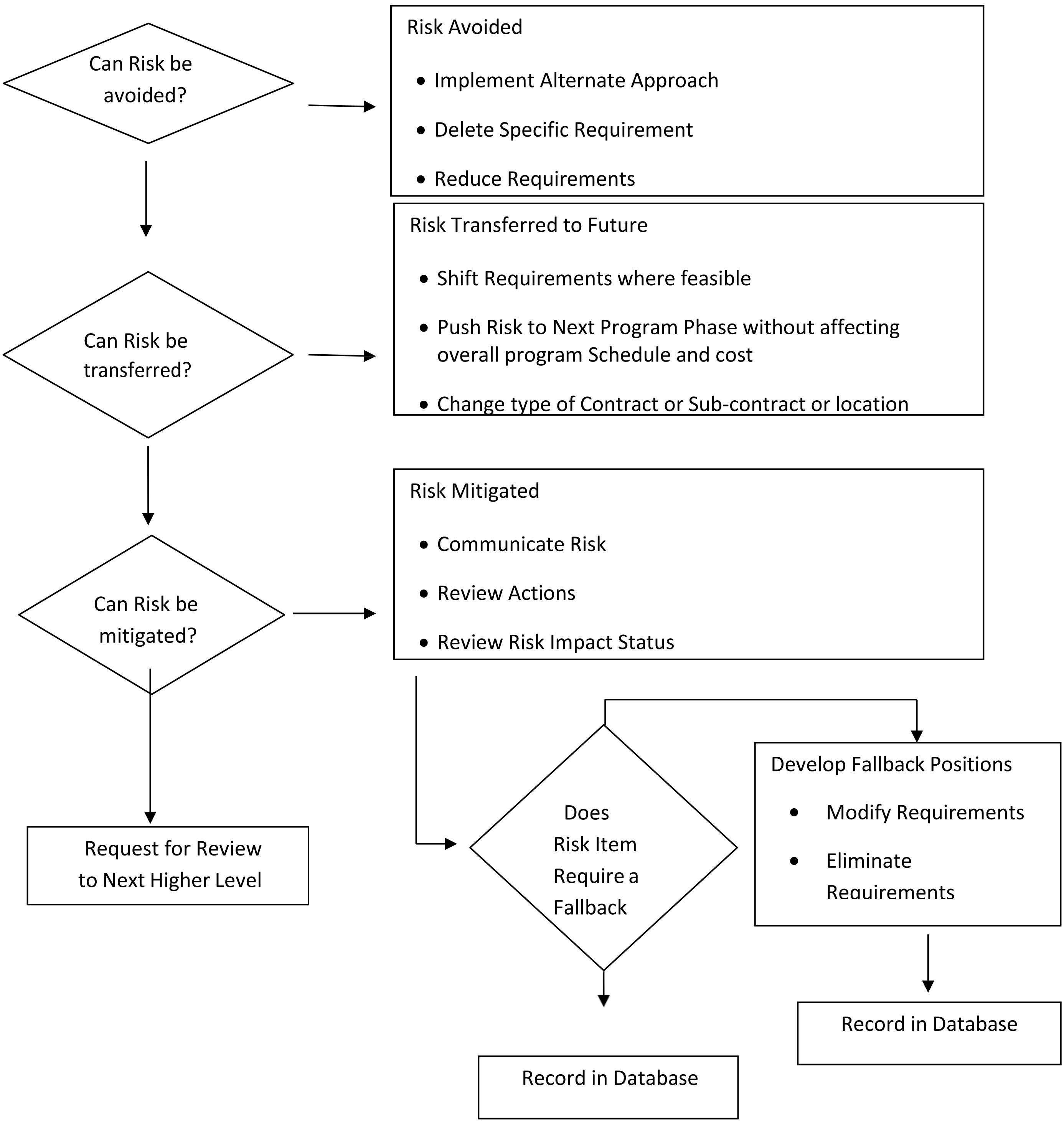
ANNEXURE-I

RISK MANAGEMENT STEPS

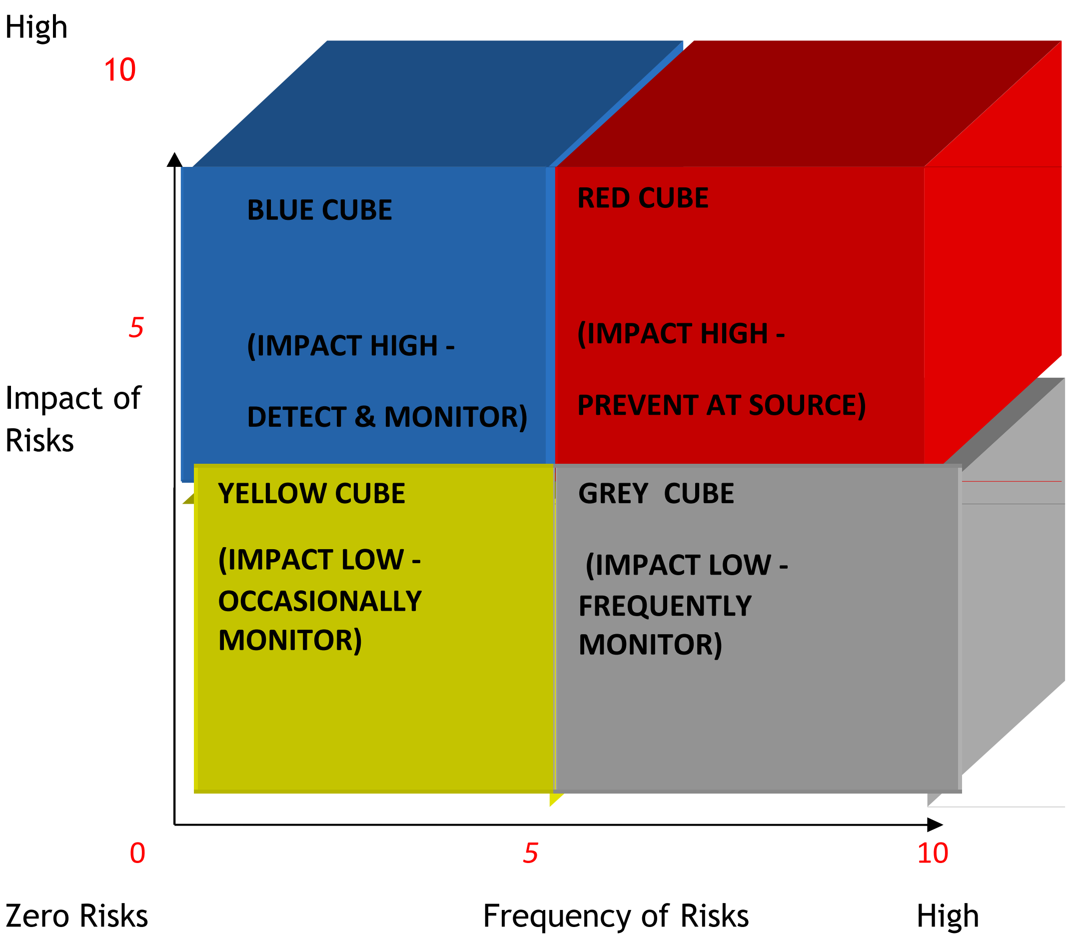
Steps	Procedure	Output
Identify Risk events	1. Take an appropriate planning time horizon. Use brainstorming technique and the following inputs. 2. Consider plans for the period and data from internal information and understanding of technical and management Processes, finance, HR and IR reports. 3. Include analysis of external technology, economy, business and political events and developments. 4. If possible obtain Expert judgment. 5. Create a What-if scenario of uncertain events that can impact the planned results positively or negatively.	1. A list of risk events and alternative likely scenarios 2. SWOT Analysis
Qualitative Risk Analysis	1. Construct impact statements using the "If--- Then ------" for each scenario. 2. Evaluate the likelihood of the events happening as low, medium and high 3. Evaluate the impact of the event in terms of cost or delivery or quality or business in terms of low, medium and high. 4. Prioritize the risks for actions	1. Risk Register 2. Risk Cube 3. Risk Impact classification
Plan Risk responses	1. Communicate the risks identified to the appropriate levels. Include in the proposal, where necessary. 2. Analyze and prepare the actions that will mitigate the likelihood of events or the impact of the risks. 3. Identify or obtain resources for taking the actions in a focused manner including the officer assigned for mitigating and reporting the same. 4. Communicate a review plan. Include the same in the proposal.	1. Risk Mitigation plan with responsibilities 2. Risk mitigation plan Report 3. Risk Review schedule and reporting structure
Monitor and Control	1. Review reports and assess degree of risk mitigation. 2. Assess impact of reduced risk on costs, schedules, business, products, cash flow etc. 3. Close risk plans or scale up risk management. 4. Feedback lessons learnt for training.	1. Risk mitigation status 2. Closed risks register 3. Lessons learnt

ANNEXURE-II

RISK HANDLING DECISION FLOW



RISK ASSESSMENT CUBE



ANNEXURE-IV

Likelihood of Risks

Sl. No.	Activity	How activities are prone to corruption (Corruption Risks)	Rating (Color Code of Risk Cube)	Suggested Mitigation Measures

Rating: Classify/ Rate the corruption risks into four Cubes based on parameters like frequency, if it happened what is impact in terms of cost to company, reputation damage, loss of customers and stakeholders confidence; ease of corruption in particular activity etc. Accordingly, risks will be classified into Cubes in which it falls, which will be the basis for arriving at Risk mitigation and Controls.

Risk Cube Rating	**Types of Risks classified under the Cube**
RED	Impact is high and hence prevent at source since it may affect business objectives
BLUE	Impact is high if it occurs, hence detect and ensure adequate monitoring. Frequency is low. But whenever it occurs impact is high.
GREY	Requires frequent monitoring Impact is low but frequency is high. If not controlled/ monitored it may move to 'cube red'.
YELLOW	Low level of monitoring and control.

Note: Use color code for Rating (example if type of risk falls under CUBE - RED, then put 'RED' under rating column against that corruption risk).

ANNEXURE-V

Format of Risk Identification and Assessment

Risk Description	Likelihood	Likely Impact Statement	Quantified Time/ Cost/ Other Impact	Risk Impact Level: High/ Medium/ low