

Bimetal Bearings Limited

Risk Management Policy

Applicability :

This Policy is called “**Risk Management Policy (“Policy”)** and will be applicable from 01 October 2014.

Objective :

The purpose of this Policy is that at an early stage the Company identifies, manages and responds to critical, cautionary and manageable risks in a systematic manner in the interest of the business.

The Company’s Audit Committee and Board will play their respective role to ensure that the Risk Management mechanism adopted by the Company is efficient, effective and comprehensive.

Risk Management and Risk Monitoring :

In the management of Risk, the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in mitigation of the risks.

Mitigation measures for Risks specific to the Company :

1. Business dynamics :

The Company functions under a well-defined organization structure. Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads.

2. Financial Risks :

Proper financial planning is put in place with detailed Annual Business Plans discussed and finalized at appropriate levels within the organization integrated with a cash flow plan. These budgets with Variance Analysis are prepared to have better financial planning and study of factors giving rise to variances.

3. Credit Risks :

Systems put in place for assessment of creditworthiness of customers and for appropriate recovery management and follow up.

4. Market Risks / Industry Risks :

Raw materials are procured from different sources at competitive prices. Alternative sources are developed for uninterrupted supply of critical raw materials to the extent possible. The Company takes specific steps to reduce the gap between demand and supply by expanding its customer base, improvement in its product profile, delivery mechanisms, and technical inputs.

5. Human Resource Risks :

Company has proper recruitment policy for recruitment of personnel at various levels in the organization. Proper appraisal system for revision of compensation on a periodical basis has been evolved and followed regularly. Employees are trained at regular intervals to upgrade their skills and are encouraged to make suggestions and discuss any problems with their superiors.

6. Disaster Risks :

The properties of the company are insured against natural risks, like fire, flood, earthquakes, etc. with periodical review of adequacy, rates and risks covered under professional advice. Fire Extinguishers have been placed at fire sensitive locations.

7. System Risks :

Licensed software is being used in the systems. The Company addresses “**Data Security**”, by having access control/ restrictions wherever required.

8. Foreign Exchange and Interest Rate Risk Management :

Foreign currency exposures are recognized and addressed. Measurement of the risk is done regularly and forward cover is taken adequately to cover the risks in consultation with the bankers as may be required.

Disclaimer Clause :

This Policy recognises that the risks outlined above are not exhaustive and are for information purposes only. Nevertheless Audit Committee and the Board will play their respective role in a proactive manner so that Company’s objectives are achieved in a systematic manner without getting affected by the risk(s).

Amendments :

The Policy would be reviewed by the Audit Committee of the Board of Directors as and when necessary. Any amendment to the Policy shall be approved by the Board of Directors only.