



BEARDELL LIMITED

Registered Office : 47 Graemes Road, Chennai – 600 006

Tel : 28293296, 28290381 Fax : 044 2829 0391

CIN NO : L65991TN1936PLC001428

Website: mail.beardsell.co.in

'Risk Management Policy'

1. **BACKGROUND**

BEARDELL LIMITED (the Company) is engaged in the manufacture and marketing of following range of products:

PRODUCTS AND SERVICES :

EXPANDED POLYSTYRENE (EPS)

Pioneers in the Manufacture & Marketing of Expanded Polystyrene (popularly known as "THERMOCOLE"), since 1964. Beardsell's EPS products are branded as :

THERMOFROST : Sheets, Pipe Sections and Designed Tiles.

METOPLAST: Custom built Moulded Industrial Packaging, Fully equipped with in-house Designing and Development facility including manufacture of moulds to suit Customer specific requirement.

IGLOO : Ice Boxes and Fish Boxes.

INSULATION CONTRACTS : On-site execution of Contracts in : Thermal – Hot and cryogenic insulation, Acoustic Treatment and Noise reduction system, Building Insulation – Under Deck, Over Roof and Weather Proofing, Manufacturing Rigid Poly Urethane Foam insulation products like slabs, Pipe Section and undertake In-situ foaming.

ISO BUILD: Prefabricated building with structural insulated sandwich panels, manufactured as per Technical know-how of Isowall Holding Limited, U.K. It has varied applications in : Cold Storages & Blast Freezers, Clean Rooms and Pharma industries, Drying Chambers, Ware Housing and Partitions since 1996.

QUIK BUILD CONSTRUCTION SYSTEM:

The product branded as STEILWALLZ was introduced in the year 2012. STEILWALLZ is a pre-engineered panel consisting of a super insulated **Polystyrene** core sandwiched between two layers of engineered galvanized steel mesh that are held together with steel trusses. Produced in a quality controlled factory setting, STEILWALLZ is light in weight yet can bear heavy loads and has been proven to be superior to conventional brick and cement walls, masonry block walls, pre-cast concrete panels and load bearing prefabricated slabs. It saves on cement – 20% less cement needed, saves labour – 50% less time for erection, no rework need on utility fittings and saves on logistics as it is lightweight and easy to transport. It forms a steel reinforced concrete shell- Monolithic structure resistant to high winds and earthquakes. The core material is fireproof as it has passed 120 minute fire test. The thermal insulation provided unmatched comfortable environment, saves on power bills. It is soundproof and Waterproof. The interiors are protected from dampness and fungi, etc.



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TRADING : Beardsell is Channel Partners from SIEMENS Electric Motors.

EXPORTS : INTERNATIONAL TRADING:

We are participating in Global Tenders and export medical consumables to African countries. .

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organisation continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realised.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

2. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The new Companies Act, 2013 and the Clause 49 of the Equity Listing Agreement have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.



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Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall *inter alia* include evaluation of risk management systems.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a “**Risk Management Policy**” (this Policy) of the Company

3. **PURPOSE AND SCOPE OF THE POLICY**

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 Company’s business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the company’s risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

4. **APPLICABILITY**

This Policy applies to all areas of the Company’s operations.

5. **KEY DEFINITIONS**

- **Risk Assessment –**
The systematic process of identifying and analysing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks
- **Risk Management –**
The systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.
- **Risk Management Process -**
The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.



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6. RISK FACTORS

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

- **External Risk Factors**
 - Economic Environment and Market conditions**
 - Political Environment**
 - Competition**

Revenue Concentration and liquidity aspects-

Each business area has specific aspects on profitability and liquidity. The risks are therefore associated on each business segment contributing to total revenue, profitability and liquidity. Since the projects have inherent longer time-frame and milestone payment requirements, they carry higher risks for profitability and liquidity.

Inflation and Cost structure-

Inflation is inherent in any business and thereby there is a tendency of costs going higher. Further, the project business, due to its inherent longer time-frame, as much higher risks for inflation and resultant increase in costs.

Technology Obsolescence –

The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.

Legal –

Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk.

Fluctuations in Foreign Exchange-

The Company has limited currency exposure in case of sales, purchases and other expenses. It has natural hedge to some extent. However, beyond the natural hedge, the risk can be measured through the net open position i.e. the difference between unhedged outstanding receipt and payments. The risk can be controlled by a mechanism of “Stop Loss” which means the Company goes for hedging (forward booking) on open position when actual exchange rate reaches a particular level as compared to transacted rate.



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□ **Factors**

Project Execution
Contractual Compliance
Operational Efficiency
Hurdles in optimum use of resources
Quality Assurance
Environmental Management
Human Resource Management
Culture and values

7. RESPONSIBILITY FOR RISK MANAGEMENT

Generally every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

8. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

9. REVIEW

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.

10. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.

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