



RISK MANAGEMENT POLICY

INTRODUCTION

The directors and management of BDH Industries Limited (“Company”) view risk management as integral to their objective of effective management of Company assets and creating and maintaining shareholder value. The Company’s risk management policy provides the framework to manage the risks associated with its activities. It is designed to identify, assess, monitor and manage risk. The company has adopted the policy to identify and categorizes various risks, implement measures to minimize impact of these risks and a process to monitor them on regular basis.

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:

- 1) 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.
- 2) To establish a framework for the company’s risk management process and to ensure its implementation.
- 3) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- 4) To assure business growth with financial stability.

LEGAL FRAMEWORK

The new Companies Act, 2013 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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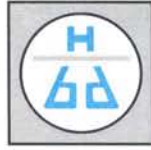


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Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall *inter alia* include evaluation of risk management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

RISK MANAGEMENT

In compliance with the Listing Agreement, the Company has constituted a Risk Management Committee. The Committee monitors and reviews the risk management plan and reports the same to the Board of Directors.

The board has established the risk management committee, the role of which in relation to risk includes:

- (a) overseeing the creation, implementation and maintenance of the risk management system of the Company and its controlled entities and their internal control framework, including information systems;
- (b) establishing a risk profile for the Company setting out both financial and nonfinancial material risks facing the Company;
- (c) reviewing the effectiveness of the Company’s implementation of its risk management systems and internal controls on an on-going basis and reviewing the outcome of any non-financial audits;
- (d) seeking to reach a common understanding with management and auditors about the risk management process, key financial and regulatory risks and related controls including focusing on the “key” risks which are considered to be currently, or may in the future be, more significant or more likely to occur;
- (e) analyzing the effectiveness of the Company’s risk management and internal compliance system and the effectiveness of their implementation;
- (f) developing an understanding of the overall business environment, relevant laws and codes of importance to the Company;
- (g) meeting with management on a regular basis;
- (h) reviewing the Company’s occupational health and safety policies and ensuring regular reporting to the committee on material issues related to occupational health and safety;
- (i) ensuring that the Executive Chairperson and the Chief Financial officer state in writing to the board annually that:
 - (i) the statement given to the board that the Company’s financial reports present a true and fair view, in all material respects, of the Company’s financial condition and operational results and are in accordance with the relevant accounting standards is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;
 - (ii) the Company’s risk management and internal compliance and control system is operating efficiently and effectively in all material respects; and
- (j) reviewing insurance coverage and claims trends.



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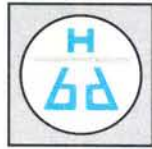


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RESPONSIBILITY FOR RISK MANAGEMENT

Generally every staff member of the Organization 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.

COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairperson and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organization'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.

REPORTING

The Company ensures that the risk management committee and the board are adequately informed of significant risk management issues and the actions undertaken to manage risks on a regular basis.

REVIEW

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

AMENDMENT

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



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