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Background

Sona BLW Precision Forgings Limited (hereinafter referred to as “**the Company**”) recognizes that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company.

The Board of Directors of the Company had adopted the Risk Management Policy (**‘Policy’**) at its meeting held on 5th June 2015. In order to align the Policy with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, the Policy has been further amended by the Board of Directors of the Company, based on the recommendations of the Audit Committee, at its meeting held on February 12, 2021. The revised Policy shall take effect from 12th February, 2021.

Legal Framework

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improve the governance practices across the business activities of any organisation.

The Policy is formulated in compliance with Regulation 17(9) and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions of the Companies Act, 2013.

Objective


The business activities of the Company carry various internal and external risks. Progressive organizations need to take new initiatives, which often come along with certain risks. Additionally, the increasingly dynamic external environment presents risks to the existing business. To navigate through the likely business risks, the Company has formulated a structured risk management process.

The primary objectives of this Risk Management Policy are:

- Identification and categorization of potential risks
- Assessment and mitigation of risks
- To monitor risks and assure business growth

Definitions

“**Audit Committee**” means a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 177 of the Companies

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Act, 2013 (**"Act"**) read with the Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015(**'Listing Regulations**).

"Board of Directors" or **"Board"** in relation to the Company, means the collective Body of Directors of the Company constituted in accordance with the provisions of section 2(10) of the Companies Act, 2013 (**"Act"**) read with the Regulation 2(1)(d) of the Listing Regulations.

"Policy" means a written Risk Management Policy framed by the Board of Directors.

"Risk" is an event or a probability of an event, which can prevent, hinder or otherwise obstruct the Company in value creation and achieving its objectives or erode the existing value of the Company.

"Risk Management Committee" or **"Committee"** is a Committee constituted in accordance with the provisions of Regulation 21 of Listing Regulations and other applicable laws.

"Risk Management System" or **"Risk Management"** is the process of identification, evaluation, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of the Risks.

Risk Management System:

The overall Risk Management System of the Company shall broadly comprise of the following activities:


1. Risk identification
2. Risk evaluation and assessment
3. Risk treatment and mitigation
4. Risk monitoring and reviewing

Responsibility Distribution

Board of Directors

The Board of Directors shall be responsible for the following:

- i. framing and implementation of the Risk Management Plan, processes and guidelines and periodic review of the same;

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- ii. supervising the overall risk management system of the Company including assessment of the risk management;
- iii. providing suggestions/ comments/ remarks, if any, on the risks to the Risk Management Committee;
- iv. suggesting steps to minimize and mitigate the risks to the Risk Management Committee;

Risk Management Committee

The Risk Management Committee shall be responsible for managing, minimizing and monitoring of all the risks including risk related to cyber security as identified by the Board of Directors. The role of the Committee shall include:

- i. laying down procedures to inform Board of Directors about the risk assessment and minimization procedures
- ii. to assist the Board with regard to the identification, evaluation and mitigation of risks and assess management actions to mitigate such risks;
- iii. to evaluate and ensure that the Company has an effective system internal control systems to enable identifying, mitigating and monitoring of the risks related to the business of the Company;
- iv. to review effectiveness of risk management and control system;
- v. to evaluate risks related to cyber security and ensure appropriate procedures are placed to mitigate these risks in a timely manner;
- vi. periodic reporting to the Board of non-financial risk management issues and actions taken in such regard;
- vii. to ensure the implementation of the suggestions/remarks/comments, if any, of the Board of Directors on the Risk Management Plan and System;
- viii. performing such other functions as may be assigned by the Board of Directors from time to time

Amendment

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committee(s) shall have the right to withdraw and /or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or authorized Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.