

BF UTILITIES LIMITED

RISK MANAGEMENT POLICY

(Revised w.e.f. September 08, 2025)

BF UTILITIES LIMITED

Document Title	Risk Management Policy
Originally Framed	October 29, 2015
Revision Dates	April 1, 2019, February 14, 2022, September 08, 2025
Authority approving the Policy	Board of Directors

Contents

1. Introduction
2. Objectives
3. Statutory Requirements
4. Who the policy applies to
5. Risk Organisation Structure
6. Roles and responsibilities
7. Risk Management Process
8. Entry Into Force

1. Introduction

Risk management is an integral component of good corporate governance and fundamental in achieving the company's strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder value.

BF Utilities Limited desires to refine its organizational wide capabilities in risk management so as to ensure a consistent, efficient and effective assessment of risks in the achievement of the organization's objectives. It view risk management as an integral to its objective of creating and maintaining business continuity, shareholder value and successful execution of its strategies.

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.

2. Objectives

The revised Risk Management Policy forms an integral part of the internal control and corporate governance framework of BF Utilities Ltd. The Company's Risk Management Policy endeavours to support its objectives among others by -

- Ensuring sustainable business growth with stability and promoting a pro-active approach in reporting, evaluating and resolving risks associated with the business
- Providing a framework that enables future activities to take place in a consistent and controlled manner
- Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.
- Evaluating the likelihood and impact of major adverse events;
- Developing responses to either prevent such events from occurring or manage and minimise the impact of such event, if it does occur;
- Identifying any unmitigated risks and formulating action plans for addressing such risks ;
- Compliance with provisions of relevant legislations

The Company strongly believes that Risk Management implementation should be in spirit and not only in form.

3. Statutory Requirements

The Companies Act 2013 and SEBI Regulations have placed additional responsibilities on the Board of Directors and Management to have structured Enterprise-wide Risk Management which is reviewed and reported periodically including;

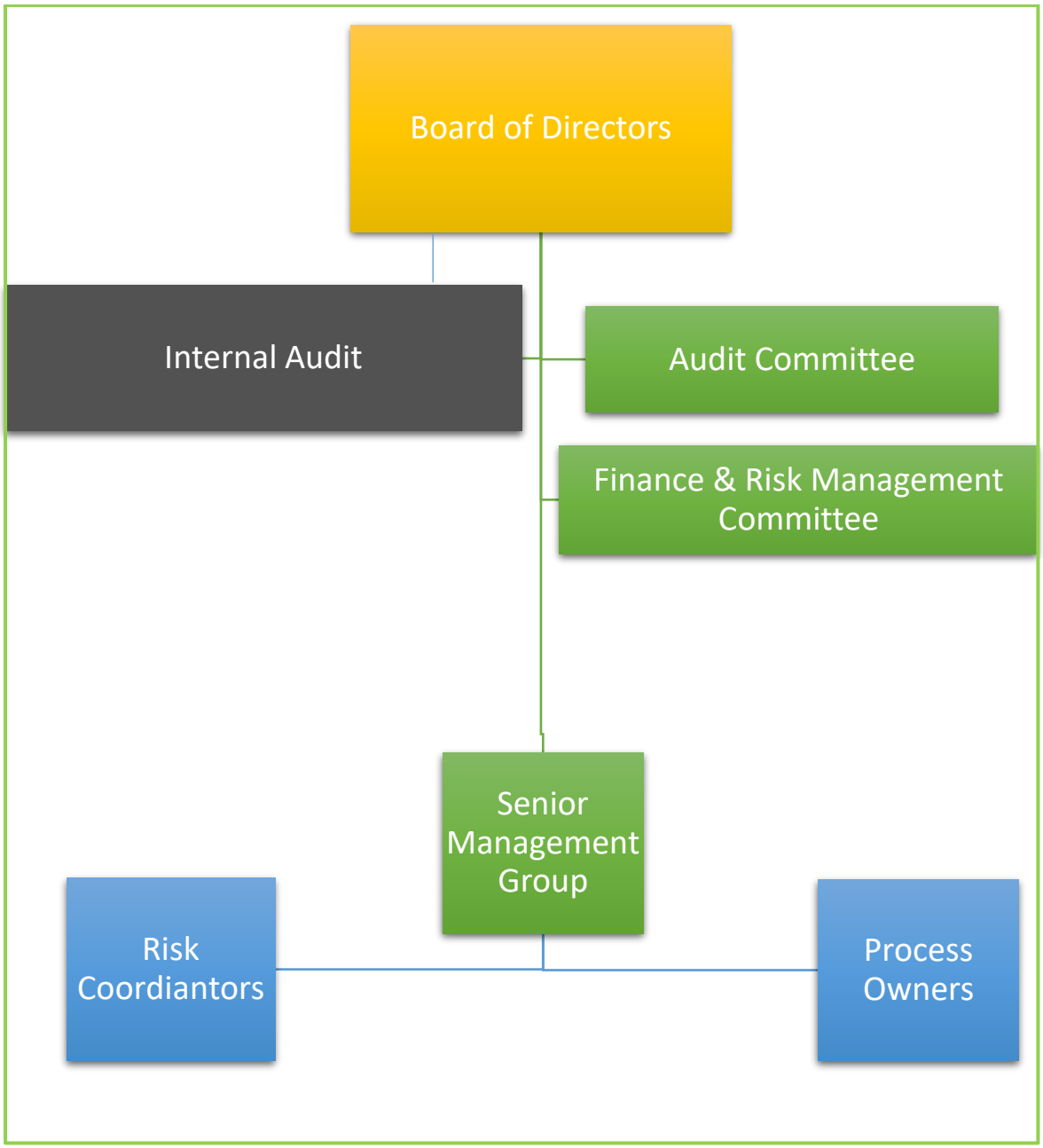
- The Board of Directors' report must include a statement indicating development and implementation of a risk management policy for the company including identification of elements of risk, if any, which in the opinion of the board may threaten the existence of the company
- The Audit Committee shall act in accordance with the terms of reference specified in writing by the board, which shall, inter alia, include evaluation of risk management systems
- Independent directors should satisfy themselves that systems of risk management are robust and defensible

The Board of the Company is responsible for overseeing the establishment and implementation by management of risk management systems and reviewing the effectiveness of these systems.

4. Who the policy applies to

This policy shall apply across all locations of the company including its operations and all support functions.

5. Risk Organisation Structure



6. Roles and Responsibilities

i. The Board:

- Approve and review the Risk Management Policy
- Define the Company's risk appetite
- Identify and assess internal and external risks that may impact the Company in achieving its strategic objectives or may threaten the existence of the Company
- Define the role and responsibility of the Risk Management Committee and delegate monitoring and reviewing of the risk management plan to the Risk Management Committee and such other functions as it may deem fit; which also shall specifically covers the function related to the Cyber Security.
- Oversee the development and implementation of risk management framework and maintain an adequate monitoring and reporting mechanism.
- Formulate risk management strategy to manage the identified risks
- Give directions to the Audit committee and Finance & Risk Management Committee on top priority risks identified and its mitigation plan.

ii. Audit Committee and the Finance & Risk Management Committee:

- Review and recommend to the Board the Risk Management Policy
- Recommend the Company's risk appetite to the Board
- Recommend to the Board Policy for hedging Commodity Risk
- Review key risks escalated by Senior Management team and suggest directions, if required and escalate the same to the Board, as deemed fit.
- Ensure ongoing review & compliance of the Risk Management framework.
- Finance and Risk Management Committee to meet at-least once in a year.

iii. Senior Management of the Company (SMG):

The SMG comprises of core management team of Vice President & above which heads individual functions in the Company. They will:

- Implement and monitor the principles, actions and requirements of the risk management plan
- Provide necessary tools and resources to identify and manage risks
- Review risks on quarterly basis- identification of new risks, changes to existing risks, updating risk register etc.
- Report the status of risk items to the Finance and Risk Management Committee and Audit Committee
- Appraise risk owners' actions taken to manage risk and correction of inappropriate performance
- Internal compliance and control systems for the implementation of the risk management plan and

iv. Risk co-ordinators and process owners:

They will play a key role in supporting the team in developing, maintaining and embedding the risk management framework within the Company. They will

- Identify any perceived risk at ground level in various processes
- Ensure that implementation of recommendation and action plan finalised by the Board, as per the policy, is done in spirit.
- Ongoing maintenance of risk framework and documentation including policies and procedures.
- Support and manage the risk workshop process
- Take notes and produce draft minutes of key Risk Management meetings

v. Internal Audit:

Further, the independent Internal Audit function shall provide assurance on the integrity and robustness of the risk management process.

7. Risk Management Process

i. Risk Universe Analysis

Risk analysis involves consideration of the sources of risk, their consequences and the likelihood that those consequences may occur. The existing systems, control measures and procedures to control risk are identified and their effectiveness is assessed. The impact and likelihood of an event and its associated consequences are assessed in the context of the existing controls.

ii. Risk Identification

Risk Identification is obligatory on all vertical and functional heads that with the inputs from their team members are required to report the material risks to the SMG along with their considered views and recommendations for risk mitigation. Analysis of all the risks thus identified shall be carried out by the SMG through participation of the vertical/functional heads.

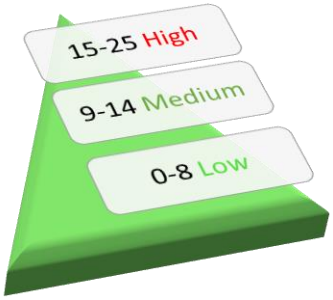
iii. Risk Assessment

Risk evaluation involves comparing the level of risk found during the analysis process against the pre-defined risk weights so as to assess their potential severity of loss and to the probability of occurrence. Risk weights of High / Medium / Low can be assigned based on parameters for each operating activity. The output of the risk evaluation is a prioritized list of risks for further action. If the resulting risks fall into the low or acceptable risk categories they may be accepted with minimal further treatment.

Risk Assessment Matrix

Almost Certain	(5)	Low	Medium	High	High	High
Likely	(4)	Low	Low	Medium	High	High
Possible	(3)	Low	Low	Medium	Medium	High
Unlikely	(2)	Low	Low	Low	Low	Medium
Remote	(1)	Low	Low	Low	Low	Low
⬆ Probability		(1)	(2)	(3)	(4)	(5)
➡ Consequence		Insignificant	Minor	Moderate	Major	Catastrophic

Risk Score



iv. Risk Response

Risk response involves identifying the range of options for treating risk, assessing those options, preparing risk treatment plans and implementing them. Options include avoiding the risk, reducing the likelihood of the occurrence, reducing the consequences, transferring the risk, and retaining the risk. Gaps will then be identified between what mitigating steps are in place and what is desired. The action plans adopted will be documented and its implementation tracked as part of the reporting process.

Ownership and responsibility for each of those risk mitigation steps will then be assigned. This will be captured in a 'Risk Assessment and Control Matrix' which comprising of the key top risks.

v. Reporting

The SMG should provide assurance to the Audit Committee and Finance & Risk Committee with regards to the financial records, risk management and internal compliance.

Risks will be continuously monitored and reviewed; and the effectiveness of the controls in place and of the risk action plans is assessed to ensure changing circumstances do not alter risk priorities.

vi. Policy Review

This policy shall be reviewed periodically to ensure effectiveness and that its continued application and relevance to the business. Feedback on the implementation and the effectiveness of the policy will be obtained from the risk reporting process, internal audits and other available information.

8. Entry into Force

This revised policy formally enters into force with immediate effect after approval by The Board of Directors of the company

Date: September 08, 2025 **For BF Utilities Ltd**

Place: Pune

B.S. Mitkari

CEO