

# bajaj corp limited

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[Corporate Identity No.L01110RJ2006PLC047173](#)

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# **RISK MANAGEMENT POLICY**

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# **RISK MANAGEMENT POLICY**

## **1. INTRODUCTION**

The following Risk Management policy has been mandated by the provisions of the Companies Act, 2013 and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations). The aforementioned provisions require the Company to lay down procedures about the risk assessment and risk minimization.

- i. The Board of Directors of the Company and the Audit Committee of Directors shall periodically review the risk management policy of the Company so that management controls the risk through properly defined network.
- ii. The respective Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Audit Committee as may be required.

## **2. OBJECTIVES**

Bajaj Corp Limited (“Bajaj Corp/Company”) recognizes that in the normal course of operations, its activities are routinely exposed to the risks that a Fast Moving Consumer Goods (FMCG) company faces today. Further, being in the cosmetics, toiletries and other personal care segment, Bajaj Corp is also aware that some risks it faces are somewhat different to those that generally exist in the FMCG business. We have developed a proactive approach for mitigating risks by conducting detailed hazard identification and risk assessment exercises and adopting control measures for high risk areas.

## **3. RISKS**

### **i. Raw material**

One of the key risks faced by the Company in today’s scenario is the wide and frequent fluctuation in crude oil prices that affect the pricing of light liquid paraffin (LLP)- a key ingredient. The Company is continuously exploring opportunities for hedging the cost of LLP through long term contracts, expanding existing storage facilities for LLP, adding new suppliers etc. The volatility in costs for packaging materials (another key input) is being offset through advance contracts and developing new suppliers for packaging materials.

### **ii. Manufacturing**

Our manufacturing facilities located at Parwanoo and Poanta Sahib, Himachal Pradesh and Dehradun, Uttarakhand have been further upgraded and scaled up by adding production capacities coupled with further automation of processes to increase productivity and reduce manpower costs. All our manufacturing facilities have been awarded the prestigious ISO 9001:2008 & ISO 14001:2004 certification.

### **iii. Climate Change & Environmental Degradation**

At Bajaj Corp, environment and nature is the lifeline of our business. With a portfolio of hair care and ayurvedic products, conservation of nature and natural resources is deep rooted in our organisational DNA, and in every aspect of our ever-growing business. Water availability, or the lack of it, is yet another risk. Besides, future regulatory regime may include restrictions on carbon emissions. Future competitiveness of businesses will also depend on the ability of companies to minimise their carbon intensity and adopt a low carbon growth path. At Bajaj Corp, we value nature's bounty and are unfailing commitment to ecological conservation and regeneration.

The Company's response to these environmental issues is multi-pronged and includes:

- a) Identifying and evaluate climate change risks for each business.
- b) Reducing the environmental impact of our processes & products and work towards creating a positive environmental footprint.
- c) Reducing energy consumption by maintaining machines as per schedule, installation of material sensors to reduce energy consumption are some of the measures that have yielded positive results.
- d) Replacement of street lights and installation of CFL in manufacturing and godown areas.
- e) Besides continuously minimising the consumption of fresh water at its Units, Bajaj Corp has also created rainwater-harvesting facilities at its units.

## **4. EMPLOYEE SAFETY**

Any manufacturing concern faces issues related to accidents and safety of the workmen and Bajaj Corp is not alien to that. An enterprise should progress in working towards achieving the target of zero accidents within its premises. The management of Bajaj Corp recognizes its employees as the company's most important assets. Bajaj Corp has introduced a number of safety measures across all its manufacturing Units and is continuously working towards achieving international benchmarks in safety standards. The said safety standards can be demonstrated by the fact that Poanta Sahib and Dehradun facilities have been awarded OHSAS 18001:2007 (Occupational Health and Safety) certification.

## **5. RISK MANAGEMENT SYSTEM**

As a diversified enterprise, the company has always had a system- based approach to business risk management. Backed by strong internal control systems, the current risk management framework consist of the following elements:

- i. Clear and unambiguous identification of the roles and responsibilities of various stakeholders in relation to risk management. These role definitions, inter alia are aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.
- ii. Combination of best industry practices and divisionally – evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.

- iii. Appropriate structures have been put in place to effectively address the inherent risks in businesses.
- iv. A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk managements processes may need to be improved. The Audit Committee of the board reviews internal Audit findings and provides strategic guidance on internal controls.
- v. Monitoring the internal control environment within the Company and ensuring that Internal Audit recommendations are effectively implemented.

The senior management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

## **6. REVIEW AND AMENDMENTS**

The Board of Directors reserves the power to review and amend this Policy from time to time in such manner as may be decided by the Board of Directors.

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