BLUESTONE

RISK MANAGEMENT POLICY

PREFACE:

In accordance with Regulation 21 read with Schedule II – Part D of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Accordingly, to mitigate and manage risk at "BlueStone Jewellery and Lifestyle Limited" (hereinafter referred to as the "**Company**"), the Company has formed the policy (the "**Risk Management Policy**") for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

OBJECTIVE:

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 and to create and protect shareholders' value by minimizing threats or losses, and identifying and maximizing opportunities. 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. These include:

1. Providing a framework, that enables future activities in a consistent and controlled manner;
2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
3. Contributing towards more efficient use/ allocation of the resources within the organization;
4. Protecting and enhancing assets and company image;
5. Reducing volatility in various areas of the business;
6. Developing and supporting people and knowledge base of the organization;
7. Optimizing operational efficiency.

APPLICABILITY:

This Policy applies to all areas of the Company's operation.

KEY DEFINITIONS:

"Company" means "BlueStone Jewellery and Lifestyle Limited", a Company constituted under the provisions of Companies Act, 1956.

"**Board of Directors"** or "**Board"**, in relation to a company, means the collective body of the directors of the Company.

"**Audit Committee or Committee**" means the Audit Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and as per SEBI (LODR) Regulations.

"**Risk Management Committee**" means the means the Risk Management Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and as per SEBI (LODR) Regulations

"**Policy"** means Risk Management Policy.

"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 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 COMMITTEE AND COMPOSITION:

The responsibilities of the Risk Management Committee shall be the following.

A) Formulate and recommend to the Board a detailed Risk Management Policy which shall include:
   - Framework for identification of internal and external risks specifically faced by the Company, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the committee.
   - Measures for risk mitigation including systems and processes for internal control of identified risks.
   - Business Continuity Plan: Business Continuity Plans (BCP) are required to be defined for high risk situations and for enabling response to address the consequence of such risks when they arise.

B) The Risk Management Committee shall comprise of such number of directors, as prescribed under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

MEETINGS/QUORUM:

The RMC Meetings are required to be held twice in a year. The gap between 2 consecutive meetings cannot be more than 210 days on a continuous basis. The quorum for the meeting shall be either two members or one third of the members of the Committee, whichever is higher, including at least one member of the Board in attendance.

RISK FACTORS:

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

- ***External Risk Factors:***

  The external risk factor compromises of the following factors:

  a) Economic Environment;
  b) Market conditions;
  c) Political Environment;
  d) Competition;
  e) Cyber security
  f) 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.

  g) 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.

  h) 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.

- ***Internal Risk Factors:***

  The internal risk factor compromises of the following factors:

  a) Project Execution;
  b) Contractual Compliance;
  c) Operational Efficiency;
  d) Hurdles in optimum use of resources;
  e) Quality Assurance;
  f) Environmental Management;
  g) Human Resource Management; and
  h) Culture and values

RISK MANAGEMENT FRAMEWORK:

Risk Identification: 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. Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented. The senior management of the Company periodically reviews the risk management's framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

Based on the Risk level determined and reviewed from time to time, the company should formulate its Risk Management Strategy. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

In order to achieve the effective Risk mitigation strategy, following framework shall be used:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss.

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default.

Before proceeding to the policy attention is drawn to the roles that the Board and Audit Committee are required to play under the above regulations governing Risk Management:

The Board's role to ensure framing, implementing and monitoring risk management plan, having in place, systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased approach during the Board's deliberations on making risk management systems very strong and effective.

The Audit Committee's role, is to evaluate the risk management systems.

This policy shall complement the other policies of BlueStone Jewellery and Lifestyle Limited in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are being effectively mitigated.

RISK ANALYSIS:

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.

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 Company'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.

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.