

Bharat Road Network Limited (BRNL)

Risk Management Policy

**(Pursuant to Section 134(3)(n) of the Companies Act, 2013 & Reg. 17 (9) of
SEBI (LODR) Regulations, 2015)**

BACKGROUND

Bharat Road Network Limited (the Company) is engaged in the creation, expansion and modernization of Road Infrastructure. The business activities of the Company carry various internal and external risks.

‘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 identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realised.

LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles which aims to improvise the governance practices across the business activities of any organisation. The new Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

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.

As Per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures. The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a “Risk Management Policy” (“Policy”) of the Company.

APPLICATION

This policy applies to all areas of the Company’s operations.

PURPOSE& SCOPE OF POLICY

The main purpose 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 business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management 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.

RESPONSIBILITY FOR RISK MANAGEMENT

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 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.

DISCLOSURE IN BOARD'S REPORT

Board of Directors shall include 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.

REVIEW

This policy shall be formally reviewed by Audit Committee on an Annual basis to ensure it meets the requirements of legislation & the needs of organization.

AMENDMENT

This Policy is subject to amendment / modification at any time by the Board of Directors of the Company on the recommendation of the Audit Committee, if any.