

UNIT-I

UNIT-II

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E-mail : info@bharatgroup.co.in • Website : www.bharatgroup.co.in  
CIN : L24119DL1989PLC036264

## Risk Management Policy

### 1. BACKGROUND

Bharat Rasayan Limited (the Company) is engaged in the Manufacturer of technical grade pesticides, intermediates & bulk formulations in conformance with international standards. 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.

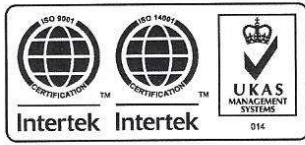
In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

### 2. LEGAL FRAMEWORK

In accordance with Section 134(3)(n) of the Companies Act, 2013, a Company is required to 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 and further as per Regulation 17 of the SEBI (LODR) Regulations, the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

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.

Accordingly, to mitigate and manage risk at 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



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the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

### 3. APPLICABILITY

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

### 4. KEY DEFINITIONS

**"Company"** means "Bharat Rasayan 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 Montecarlo Limited (the 'Company').

**"Audit Committee or Committee"** means 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.

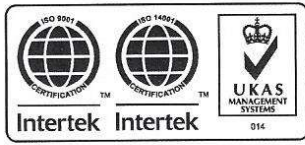
**"Risk Management"** is the systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

### 5. RISK FACTORS:

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

#### External Risk Factors

- Economic Environment and Market conditions
- Political Environment
- Competition
- 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.
- 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.
- 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



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has to do its business within four walls of law, the Company is exposed to legal risk.

### Internal Risk Factors

- Project Execution
- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources
- Quality Assurance • Environmental Management
- Human Resource Management
- Culture and values

### 6. RISK MANAGEMENT FRAMEWORK:

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 Bharat Rasayan 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.

### 7. IDENTIFICATION AND 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.

### 8. 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 Organisation'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.

### 9. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.