

BTL EPC LIMITED

RISK MANAGEMENT POLICY

(Approved by Board of Director in their meeting held on 10.04.2014)

SL	Contents	Page Ref.
01	Background	3
02	Legal and Regulatory Framework	3
03	Purpose and Scope	3
04	Applicability	4
05	Key Definitions	4
06	Risk Factors	4
07	○ External Risk Factors	4
08	○ Internal Risk Factors	4
09	Governance Structure and Responsibility	5
10	Risk Management Process	5
11	Compliance and Internal Controls	6
12	Disclosure and Reporting	6
13	Policy Review and Monitoring	6
14	Amendment	6

1. BACKGROUND

BTL EPC Limited ("the Company") is an unlisted public company engaged in the design, engineering, manufacturing, and execution of turnkey industrial and infrastructure projects across a diverse range of sectors. The Company is governed by an independent Board, with a focus on quality, timely delivery, innovation, cost-effectiveness, and sustainable practices.

In an increasingly complex and volatile business environment, the Company recognizes that effective **risk management** is critical to protect shareholder's value, ensuring long-term sustainability, and achieving its strategic and operational objectives.

Risk, in business terms, refers to the uncertainty that can impact the achievement of goals. It includes threats and opportunities, both internal and external, that may impact the Company's operations, financial position, reputation, or compliance obligations. The Company adopts a proactive and structured approach to risk identification, assessment, mitigation, and monitoring.

2. LEGAL AND REGULATORY FRAMEWORK

The Risk Management Policy is formulated in accordance with the following provisions of the **Companies Act, 2013**:

- **Section 134(3)(n)** – The Board's Report shall 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.
- **Section 177(4)(vii)** – The Audit Committee shall evaluate internal financial controls and risk management systems.
- **Schedule IV (Code for Independent Directors)** – Independent Directors shall help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, risk management, performance, and resources.

This Policy provides a consistent and integrated framework for identifying, assessing, mitigating, and reporting risks at all levels of the organization.

3. PURPOSE AND SCOPE

The purpose of this Policy is to:

- Establish a structured framework for managing material risks that may adversely affect the Company's business objectives;
- Promote a proactive and consistent risk culture throughout the organization;
- Ensure compliance with applicable laws and corporate governance standards;
- Guide decision-making through informed risk-based considerations;
- Protect the Company's assets, reputation, employees, and stakeholders.

This Policy aims to embed risk awareness and management into all business functions and processes.

4. APPLICABILITY

This Policy applies to all employees, departments, and business units of BTL EPC Limited. It covers strategic, operational, financial, regulatory, and reputational risks and is applicable to the entire spectrum of activities undertaken by the Company.

5. KEY DEFINITIONS

- **Risk:** Possibility of a negative or positive deviation from the expected outcome affecting the achievement of objectives.
- **Risk Management:** Coordinated activities to direct and control an organization with regard to risk.
- **Risk Assessment:** Overall process of risk identification, risk analysis, and risk evaluation.
- **Risk Mitigation:** Measures taken to minimize the adverse effects of identified risks.
- **Risk Register:** A detailed record of identified risks, their assessment, and mitigation plans.

6. RISK FACTORS

The Company is exposed to various categories of risk. These include:

External Risk Factors

- **Macroeconomic Conditions:** Market fluctuations, economic slowdowns, currency volatility.
- **Technological Disruptions:** Rapid changes in technology leading to product or process obsolescence.
- **Legal and Regulatory Risks:** Non-compliance with laws, environmental norms, labour laws, etc.
- **Geopolitical Risks:** Changes in trade policies, political instability.
- **Competition:** Intense industry rivalry affecting margins and market share.
- **Environmental and Climate Change Risks**

Internal Risk Factors

- **Operational Risks:** Machinery breakdown, project delays, supply chain disruptions.
- **Human Resource Risks:** Attrition of key personnel, inadequate skill development.
- **Financial Risks:** Liquidity, credit, interest rate, and foreign exchange risks.
- **IT and Cybersecurity Risks:** Data loss, breaches, or system failures.
- **Compliance Risks:** Failure to meet legal and contractual obligations.
- **Project Execution Risks:** Inaccurate project estimations or mismanagement.

7. GOVERNANCE STRUCTURE AND RESPONSIBILITY

Board of Directors

- Responsible for framing, implementing, and monitoring the risk management framework.
- Ensures that elements of material risk threatening the Company's existence are identified and mitigated.

Risk Management Committee (if constituted voluntarily)

- Composed of Managing Director, Executive Director and Chief Financial Officer,
- Oversees the Risk Management framework and updates the Board on critical risk exposures and mitigation status.

Audit Committee

- Evaluates the adequacy of internal controls and risk management systems.
- Reviews internal audit observations and follow-up actions on risk-related issues.

Management and Functional Heads

- Identify and assess risks in respective areas.
- Develop and implement risk mitigation plans.
- Maintain risk registers and report to the Risk Committee.

Internal Risk Working Group

- A cross-functional team responsible for day-to-day monitoring and periodic reporting.
- Conduct risk awareness sessions and workshops.

8. RISK MANAGEMENT PROCESS

The Risk Management process involves the following steps:

1. Risk Identification

- Identify potential threats and vulnerabilities across all operational areas.
- Use internal audits, reviews, industry benchmarking, and brainstorming sessions.

2. Risk Assessment & Evaluation

- Assess risk based on *likelihood of occurrence* and *potential impact*.
- Categorize risks as High, Medium, or Low based on a risk matrix.

3. Risk Mitigation and Control

- Develop risk treatment plans: accept, reduce, transfer (insurance/outsourcing), or avoid.
- Implement control measures, SOPs, training, and technology solutions.

4. Monitoring and Reporting

- Periodic risk monitoring through dashboards, reports, and committee reviews.

- Update the risk register quarterly.

5. Business Continuity Planning (BCP)

- Establish contingency plans for business-critical operations.

9. COMPLIANCE AND INTERNAL CONTROLS

The Company's internal control systems are aligned with its risk management objectives. These include:

- Standard Operating Procedures (SOPs) and Delegation of Authority.
- Internal Audit and Compliance Framework.
- Legal Compliance Management System.
- Whistleblower Policy and Vigil Mechanism.
- IT Safety and data protection System
- Third-party assurance and benchmarking.

Senior Management shall ensure compliance with the risk control measures and report material deviations to the Board.

10. DISCLOSURE AND REPORTING

- As per Section 134(3)(n) of the Companies Act, 2013, a disclosure on risk management shall be included in the **Board's Report**, highlighting key elements of risk identified and mitigation plans.
- The Company may voluntarily disclose its Risk Management practices in its Annual Report or to stakeholders as part of good governance.

11. POLICY REVIEW AND MONITORING

This Policy shall be reviewed:

- Annually, or as and when necessitated by regulatory changes or significant business developments.
- By the Risk Management Committee and approved by the Board;
- To ensure its continued relevance, effectiveness, and alignment with industry best practices.

12. AMENDMENT

This Policy can be amended, altered, or modified by the **Board of Directors** at any time based on the recommendation of the Risk Committee or in response to any changes in applicable laws, governance requirements, or organizational changes.

Date: 10.04.2014