Akme Fintrade India Limited

Risk Management Policy

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Risk Management Framework

Created in terms of requirements of Section 134(3)(n) and sec 177(4)(vii) of The Companies Act, 2013.

1. Preamble

The Board of Directors (the "Board") of Akme Fintrade India Limited (the "Company") has adopted the following framework with regard to management of risks perceived in the business / industry in which the company operates. The Risk Management Committee will review and may amend this framework from time to time.

2. Purpose

This framework is created in terms of requirements of Section 134(3)(n) Section 177(4)(vii) of The Companies Act, 2013.

This framework is to identify various risks associated with the business of the company, plan proper controls/mechanisms to mitigate the same to the extent possible.

3. Framework

3.1 Identification of Potential Risks

Identification of risks is the responsibility of each business/corporate function and is performed based on internal ideation, industry and market research, scanning the external environment, inputs from Annual Operating Plans and Long-term strategy and Leadership inputs. The broad categories of risks include Financial, Operational, Reputational, Regulatory, Third-party, Sustainability, Social, Environmental and Technological Risks, Cyber security and other risks. The process followed includes every function / unit revisiting its key risks at periodic intervals.

The Managing Director (MD) and all the Senior Management personnel as detailed herein below shall be responsible for identifying the potential risks in their respective area of operations at overall company level.

1. Managing Director
2. Chief Financial Officer (Accounts, Finance, Treasury Operations)
3. Chief Risk Officer
4. Chief Executive Officer
5. Independent Director

They shall be individually responsible for identifying the risks on a regular basis, including forecasting any risk in their respective area of operations. This should be a continuous process. The new risks whenever identified shall be brought to the notice of all the other Senior Management personnel and MD for their information and further inputs.

The Managing Director, who is a member of the Risk Management Committee of the Board of Directors, will report the identification of new / potential risks, its forecasting and possible mitigation plan for the same, to the Risk Management Committee for further evaluation and mitigation plan thereon.

The Risk Management Committee will coordinate and consult the Audit Committee in respect of financial risks (i.e. risks related to Accounts, Finance and Treasury function) within the Company for its evaluation and mitigation plan thereon.

3.2 Analysis of likelihood and possible Impact

Risks so identified shall be discussed amongst the Senior Management personnel and MD for analysing it further as per the criticality of business.

All the risks should be categorised on the basis of:

a) **Likelihood** - in to Immediate, Medium Term and Long Term based on the criteria as mentioned below:

   'Immediate' – The risk already exists or will hit the company within the next 12 months

   'Medium Term' – The risk will hit the company within 12-24 months

   'Long Term' – The risk is likely to hit after 2 years or may never hit the company

b) **Impact on company's business** - The impact shall be estimated on the basis of what will happen in case the risk materialises and there is no control in place. Anticipated impact of individual risk shall be categorised as below:

   'High' - AFIL's profits will fall by more than 20% or its revenues / costs will be hit by over 25% or DBCL will take upto or over 6 months to remedy the situation

   'Medium' - AFIL's profits will fall by more than 15% or its revenues / costs will be hit by around 20% or DBCL will take upto 4 months to remedy the situation

   'Low' - AFIL's profits will not be impacted or its revenues / costs will be hit by less than 10% or AFIL will be able to remedy the situation within 3 months

'Material Risk:

Risks identified as having "High' impact mentioned above only are to be considered for the purpose of disclosure of 'Material Risks' in the Annual Report to the shareholders.

3.3 Assess the effectiveness of existing controls

After identifying the likelihood of risks and its possible impact, the Senior Management personnel shall review if some controls are already in place in the company which shall help mitigate the individual risks. The controls currently existing or built in various processes/procedures shall be assessed to rate how effective they are in mitigating the identified risks. Effectiveness of the controls shall be rated on the basis of below guidelines:

'Adequate' - If the risk hits today, current policies and processes are adequate to manage the risk so that its impact (as per 3.2 above) will not be felt by the company.

'Needs improvement' - If the risk hits today, Company will not be able to manage it well and could suffer part of its impact.

'Poor' - If the risk hits today, Company will not be able to manage it at all and could suffer its full impact.

3.4 Develop / Improve controls under a detailed risk mitigation plan

In respect of risks where there are no existing controls or controls are poor or need improvement, the Senior Management personnel shall develop and agree on a detailed risk mitigation plan. New controls may be designed or related business activities may be re-aligned to take care of such risks. In case it requires a long term plan of various activities, the same should be noted down for phased implementation and monitoring. The Risk Mitigation Plan shall be referred to the Risk Management Committee for approval and under the authority from the said Committee and its supervision, the Senior Management personnel shall monitor the implementation of the risk mitigation plan regularly.

3.5 Periodic assessment of risks and mitigation plans

The MD along with the other Senior Management personnel shall periodically review the risk and related mitigation plans. Any changes required upon any new event / changes in environment shall be duly discussed and referred to the Risk Management Committee for consideration and incorporation in the Risk Management Framework, wherever necessary.

Measures for risk mitigation including systems and processes for internal control of identified risk The Risk Management Committee shall, on regular basis, review the risk based control system and evolve a procedure for risk assessment and timely rectification inform the Board of Directors about various risks identified by the MD and Senior Management personnel, the mitigation plan approved by the said Committee, progress on various plans / activities being implemented to mitigate the said risks and any other risks, newly identified with mitigation plan for them.

The Board, upon review, may further guide the Risk Management Committee about risk identification and improvement in mitigation plans.

The Risk Management Committee, in turn shall guide the Senior Management personnel accordingly.

In respect of financial risks (i.e. risks related to Accounts, Finance, Treasury Operations) within the Company, the Risk Management Committee shall coordinate and consult the Audit Committee for its evaluation and mitigation plan thereon.

4. Business Continuity Plan (BCP)

Business Continuity Plans (BCP) are required to be defined for risks corresponding to High Impact and High Velocity to enable rapid response to address the consequence of such risks when they materialize. Business Continuity Planning shall be embedded in the Internal Controls and Crisis Management framework for areas like sales offices, information technology function, etc. The committee shall be responsible for laying out crisis response mechanism, communication protocols, and periodic training and competency building on crisis management. The Committee shall also conduct periodic disaster recovery mock drills to ensure that the organization is prepared to manage any crisis event quickly for business continuity.

5. Amendments to this Framework

This Risk Management Framework shall be subject to continuous monitoring and review by the Risk Management Committee. Any change in management's perceptions about various risk or risk mitigation plan may result in changes / amendments to this document.

Any such amendment shall be carried out with the approval of the Managing Director and shall be notified to the Risk Management Committee / Board of Directors at the next meeting, whichever is earlier, after such amendment for its information and ratification.

6. Effective Date

This version is effective from 05.01.2023.

7. Date of the meeting of the Board of Directors which ratified / approved this version: 05.01.2023

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