

Risk Management Policy

Overview

We are committed to maintaining a robust risk management framework that enables us to identify, assess, monitor, and mitigate risks across our business operations. Effective risk management supports sustainable growth, protects stakeholder interests, ensures regulatory compliance, and strengthens operational resilience.

Our risk management practices are aligned with applicable regulatory requirements and industry best practices.

Purpose

The purpose of this Policy is to:

- Establish a structured framework for managing risks across the organization.
- Support informed business and lending decisions.
- Protect customers, stakeholders, and business assets.
- Ensure compliance with applicable laws and regulatory guidelines.
- Promote operational efficiency and business continuity.
- Minimize financial and operational losses arising from potential risks.

Risk Management Principles

Our risk management framework is guided by the following principles:

- Risk management is an integral part of all business activities.
- Risks are identified and assessed on a continuous basis.
- Decision-making incorporates appropriate risk evaluation.
- Risks are monitored proactively to minimize adverse impact.
- Internal controls are regularly reviewed and strengthened.
- The framework remains dynamic and responsive to changing business and regulatory environments.
- Continuous improvement is encouraged through periodic review and monitoring.

Risk Management Objectives

Our objectives include:

- Identifying risks that may affect business operations.
- Assessing the likelihood and potential impact of identified risks.
- Implementing appropriate mitigation measures.

- Protecting customer interests and stakeholder value.
- Strengthening governance and internal control systems.
- Supporting sustainable business growth.
- Ensuring regulatory compliance.
- Enhancing organizational resilience.

Risk Identification & Assessment

Risks are identified through regular monitoring of business operations, internal processes, market developments, technology changes, and regulatory updates.

Each identified risk is evaluated based on:

- Nature of the risk
- Likelihood of occurrence
- Potential financial and operational impact
- Existing control measures
- Residual risk after mitigation
- Overall business significance

Appropriate mitigation strategies are implemented based on the level of risk.

Key Risk Categories

Strategic Risk

- Risks arising from business strategy, market expansion, competition, or changes in the external environment.

Operational Risk

- Risks resulting from inadequate or failed internal processes, people, systems, or external events.

Market Risk

- Risks arising from changes in economic conditions, interest rates, inflation, and market dynamics.

Financial Risk

- Risks related to liquidity, funding, capital adequacy, profitability, and financial management.

Credit & Concentration Risk

- Risks arising from borrower defaults, portfolio quality deterioration, excessive exposure to a single borrower, sector, geography, or product.

Regulatory & Compliance Risk

- Risks associated with non-compliance with applicable laws, RBI guidelines, regulatory directions, and internal policies.

Human Resource Risk

- Risks relating to employee availability, talent retention, succession planning, employee conduct, productivity, and organizational culture.

Risk Monitoring

Risks are continuously monitored through:

- Internal control systems
- Periodic management reviews
- Internal and external audits
- Compliance monitoring
- Portfolio performance reviews
- Operational dashboards
- Management Information Systems (MIS)
- Regulatory reporting

Significant risks are escalated to the appropriate management and governance forums for timely action.

Risk Mitigation

Risk mitigation measures may include:

- Strengthening internal controls
- Policy and process improvements
- Credit underwriting enhancements
- Employee training and awareness
- Information security measures
- Business continuity planning
- Insurance coverage where appropriate
- Technology upgrades
- Regular compliance reviews

Roles & Responsibilities

Board of Directors

- Provides overall oversight of the risk management framework.
- Reviews significant risks and mitigation strategies.

- Approves key risk management policies.

Senior Management

- Implements the risk management framework.
- Monitors emerging risks.
- Ensures effective internal controls.
- Reports significant risk events to the Board.

Employees

- Comply with established policies and procedures.
- Report identified risks promptly.
- Support effective risk management practices in day-to-day operations.

Policy Review

This Risk Management Policy is reviewed periodically and may be amended to reflect changes in business operations, regulatory requirements, and industry best practices.

The latest version of this Policy will always be available on our website.