

RISK MANAGEMENT POLICY

CREST FINSERV LIMITED

TABLE OF CONTENTS

Sr. No.	Particulars	Page No.
1.	FOREWORD	2
2.	DEFINING 'RISK'	2
3.	DEFINITION OF RISK MANAGEMENT	2
4.	PURPOSE AND BENEFITS OF RISK MANAGEMENT POLICY	2
5.	OBJECTIVE & PURPOSE OF POLICY	3
6.	DISCLOSURE IN BOARD'S REPORT	3
7.	BACK GROUND AND IMPLEMENTATION	4
8.	APPLICATION	4
9.	ROLE OF THE BOARD	4
10.	REVIEW AND AMENDMENT	5

1. FOREWORD :

The current dynamic and competitive business environment within which **Crest Finserv Limited** operates makes it necessary for the company to establish a proactive and robust risk management framework. The framework will assist the company in identifying and managing various business risks in an effective manner with an aim to achieve its overall business objectives. An effective Risk management process is the key to sustained operations thereby protecting Shareholder value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities.

2. DEFINING 'RISK' :

In business terms, a risk is any threat that may prevent the achievement of business objectives. Whilst this primarily refers to risks with a negative impact such as the loss of assets or of business reputation it also includes risks related to those activities that aim to identify and exploit opportunities within our business.

3. DEFINITION OF RISK MANAGEMENT :

Risk Management is a core management competency that incorporates the systematic application of policies, procedures and checks to identify potential risks and lessen their impact on the Company. This involves:

- ❖ Identifying potential risks;
- ❖ Assessing their potential impact;
- ❖ Taking action to minimize the potential impact;
- ❖ Monitoring and reporting on the status of key risks on a regular basis.

Risk Management also provides the Company with the opportunity to identify risk-reward scenarios and to realize significant business opportunities.

4. PURPOSE AND BENEFITS OF RISK MANAGEMENT POLICY :

Risk Management is the process of identifying and controlling to an acceptable level, strategic, business, technical, financial and commercial risks. Risks include events or occurrences that prevent the Organization from achieving its business objectives in an effective manner.

The purpose of risk management is to proactively identify potential risks/events before they occur so that risk management activities are planned and invoked as

needed to manage adverse impacts on achievement objectives. An integrated and robust risk management framework can help support the maximization of business performance through:

- ❖ Clarity roles and responsibilities;
- ❖ Informed and risk-adjusted decision-making across the organization ;
- ❖ Improved communication of risks to the Board of Directors;
- ❖ Integrated governance practices and;
- ❖ Reduced earnings volatility and increased profitability.

5. OBJECTIVE & PURPOSE OF POLICY :

The main objective 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:

- ❖ 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.
- ❖ To establish a framework for the company's risk management process and to ensure its implementation.
- ❖ To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- ❖ To assure business growth with financial stability.

6. DISCLOSURE IN BOARD'S REPORT:

The provisions of Section 134 (3) (n) of the Companies Act, 2013 necessitates Board of Directors 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.

7. BACK GROUND AND IMPLEMENTATION :

The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

The Board of Directors of the Company shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board.

8. APPLICATION :

This Policy shall come into force with effect from August 12, 2014.

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

9. ROLE OF THE BOARD :

The Board will undertake the following actions to ensure risk is managed appropriately:

- ❖ The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;
- ❖ The Board shall define the roles and responsibilities and may delegate monitoring and reviewing of the risk management plan and such other functions as it may deem fit;
- ❖ Ensure that the appropriate systems for risk management are in place;
- ❖ The Directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;
- ❖ Participate in major decisions affecting the organization's risk profile;
- ❖ Have an awareness of and continually monitor the management of strategic risks;
- ❖ Be satisfied that processes and controls are in place for managing less significant risks;

- ❖ Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- ❖ Ensure risk management is integrated into board reporting and annual reporting mechanisms;
- ❖ Convene any board meeting that are deemed necessary to ensure risk is adequately managed and resolved where possible.

10. REVIEW AND AMENDMENT :

The policy shall be reviewed and modified by the Board of Directors of the Company from time to time as may be necessary.