

BERAR FINANCE LIMITED

RISK MANAGEMENT POLICY

BACKGROUND & LEGAL FRAMEWORK:

Risk Management is a key aspect of the “Corporate Governance Principles and Code of Ethics” which aims to improve the governance practices across the Company’s activities. The Management of NBFCs have to base their business decisions on a dynamic and integrated risk management system and process, driven by corporate strategy. NBFCs are exposed to several major risks in the course of their business- credit risk, interest rate risk, equity price risk, liquidity risk and operational risk. It is therefore important that NBFCs should introduce effective risk management policy that addresses the issues relating to various business risks . Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

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.

DISCLOSURE IN BOARD’S REPORT

Board of Directors shall 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.

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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.

This policy is in compliance with the requirements under Section 134(3) (n) of the Companies Act, 2013, which requires the Company to lay down procedure for risk assessment and procedure for risk minimization. The extract of the said provision is as follows:

“Section 134(3)(n) : 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.”

The Board of Directors of the Company along with Risk Management Committee 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 and Risk Management Committee.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company shall constitute Risk Management Committee consisting of such number of directors (executive or non-executive) as the Board may think fit.

The Board shall define the roles & responsibilities of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

APPLICATION

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

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 of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.
- Ensure that the appropriate systems for risk management are in place.
- The independent 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-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

REVIEW

This policy shall be reviewed at a minimum at least every year to ensure it meets the requirements of legislation & the needs of organization.