

**ADVIK CAPITAL LIMITED**

**CIN: L65100DL1985PLC022505**

**RISK MANAGEMENT POLICY**

## **I. INTRODUCTION**

Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the Company’s activities. 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.

## **II. SCOPE AND OBJECTIVE**

This Policy is applicable to all channel of businesses, all areas of the Company’s operations, all level within the organization. This Policy applies to the Directors, employees and all other stakeholders of the Company.

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:

1. 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.
2. To establish a framework for the Company’s risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability.

In line with the Company’s objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

## **III. COMPLIANCE OFFICER**

The Company shall, from time to time, designate an employee of sufficient seniority, competence and independence as the compliance officer to ensure compliance with the provisions of this Policy (“Compliance Officer”) and the same shall be notified to the Designated Persons. The Chief Financial Officer has been designated as the Compliance Officer. All reports, complaints, doubts or concerns in relation to matters covered by this Policy should be raised by the relevant Designated Persons to the Compliance Officer.

#### **IV. DEFINITIONS**

“**Act**” means the Companies Act, 2013

“**Applicable laws**” means Securities Laws, Listing Regulations and other laws and statutes applicable to the Company.

“**Board**” means board of directors of the Company as constituted from time to time.

“**Company**” means Advik Capital Limited

“**Policy**” means this policy on Risk Management formulated by the Company.

“**SEBI Listing Regulations**” means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended

“**Year**” means financial year.

Any other term not defined here in shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

#### **V. BACKGROUND AND IMPLEMENTATION**

The Company is prone to certain 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 mandatory pursuant to Section 134 (3) (n) of Companies Act, 2013 for risk assessment and procedure for risk minimization.

Furthermore, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

The Board of Directors of the Company and the Audit 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 Audit Committee.

#### **VI. 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.

## **VII. CONSTITUTION OF RISK MANAGEMENT COMMITTEE**

As and when applicable to the Company, the Risk Management Committee shall be constituted in accordance with the SEBI Listing Regulations and shall consist of minimum three members with majority of them being members of the board of directors, including at least one independent director. 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.

## **VIII. THE RISK MANAGEMENT FRAMEWORK**

Risk management will protect and add value to the organization and its stakeholders through supporting the organization's objectives by improving decision making, planning and prioritization by comprehensive and structured understanding of business activity, volatility and project opportunity/threat.

It will provide a framework that enables future activity to take place in a consistent and controlled manner. The framework will help in creating an environment in which risk management is consistently practiced across the Company and where Management can take informed decisions to reduce the possibility of surprises.

The components of risk management are defined by the company's business model and strategies, organizational structure, culture, risk category and dedicated resources. An effective risk management framework requires consistent processes for assessment, mitigation, monitoring and communication of risk issues across the organization. Essential to this process is its alignment with

corporate direction and objectives, specifically strategic planning and annual business planning processes. Risk management is a continuous and evolving process, which integrates with the culture of the Company.

## **IX. RISK MANAGEMENT APPROACH**

Our risk management approach is composed primarily of three components:

- i. Risk Governance
- ii. Risk Identification
- iii. Risk Assessment and Control

i. Risk Governance:-

- The functional heads of the Company are responsible for managing risk on various parameters and ensure implementation of appropriate risk mitigation measures.
- The Risk Management Committee provides oversight and reviews the risk management policy from time to time.

ii. Risk Identification:-

External and internal risk factors that must be managed are identified in the context of business objectives.

iii. Risk Assessment and Control

This comprises the following:

- Risk assessment and reporting
- Risk control
- Capability development

On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management. Examples of certain of these identified risks are as follows:

- Broad market trends and other factors beyond the Company's control significantly reducing demand for its services and harming its business, financial condition and results of operations
- Failure in implementing its current and future strategic plans
- Significant and rapid technological change
- Damage to its reputation
- Its products losing market appeal and the Company not being able to expand into new product lines  
or attracting new types of investors
- Its risk management methods and insurance policies not being effective or adequate

- Fluctuations in trading activities
- Changes in interest rates
- Changes in government policies
- Security risks and cyber-attacks
- Insufficient systems capacity and system failures

## **X. MISCELLANEOUS**

- Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Articles of Association of the Company and /or the Companies Act, 2013 or Rules made there under.
- In case of any doubt, ambiguity, dispute or difference arise out of the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Committee, if formed, otherwise board and the decision of such Committee/ Board in such case shall be final.
- The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.
- This Policy shall come into force on the date it is approved by the Board of the Company i.e., with effect from January 17, 2022

## **XI. POLICY REVIEW AND AMENDMENTS**

- Company's Board will monitor the effectiveness and review the implementation of this Policy, considering its suitability, adequacy and effectiveness or ensure it meets the requirements of legislation.
- Company reserves the right to vary and/or amend the terms of this Policy from time to time.

## **XII. DISCLOSURES**

- 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.
- The Policy shall be disclosed on the website of the Company at [www.advikgroup.com](http://www.advikgroup.com) and a web link of the same shall be provided in the Annual report.

## **XIII. DISCLAIMER**

- The Policy does not constitute a commitment regarding the future events and occurrence of Company, but only represents a general guidance regarding risk management. The policy does not in any way restrict the right of the Board to use its discretion and the Board reserves the right to depart from the policy as and when circumstances so warrant.
- Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.

**Annexure  
Document Control Section**

Document Name	
Abstract	
Security Classification	
Location	

**Authorization**

<b>Document Author</b>	<b>Document Owner</b>	<b>Reviewed By</b>	<b>Approved By</b>

**Review and Amendment Log**

<b>Version</b>	<b>Modification Date</b>	<b>Section</b>	<b>Amendment/ Modification/Deletion</b>	<b>Brief Description of Change / Review</b>