

**KOTHARI WORLD FINANCE LIMITED**

## **Risk Management Policy**

**Last amended by Board of Directors on 13<sup>th</sup> February,2019**

## **RISK MANAGEMENT POLICY**

At Kothari World Finance Limited , we believe that 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. Kothari World Finance Limited ensures implementation of effective Enterprise Risk Management by following prescribed Risk Management Framework and Processes.

### **Background**

Kothari World Finance Limited is a finance and investment Company. Thus assessing regulatory risk is of paramount importance besides other commercial and business risks associated with the organization.

The Board of Directors of the Company has

Keeping such background in mind, following framework and processes are followed:

- Utmost care is taken at the time of accepting assignment of any nature. Due diligence about the prospective client, their business, their background is carried out. While all the executives and employees may assume the role of marketing, the process of accepting assignment essentially involves following important steps :
  - Understanding the nature of business and requirement of prospective client by verification of financial & other corporate data.
  - Meeting with the prospective client at the top management level.
  - Visiting the facilities /offices.
  - A “Proposal Evaluation Sheet” is made in a prescribed format for consideration by senior management.
- The senior management team comprising of Whole Time Directors shall evaluate and understand the requirements of the clients, feasibility of completing the assignment and also finalizing the compensation structure. On the satisfactory understanding of clients and nature of services being provided by the company, standard Engagement Letter in respect of each activity are being executed.
- There are standard documentation manuals and process structures implemented for the execution team to carry out the transactions. The internal structure regarding execution of documents, signing of certificates and communications with regulatory authorities, clients is followed.
- The decision making process is streamlined by getting critical inputs at all levels of organization on an ongoing basis enabling the Whole Time Directors to arrive at appropriate decisions in the interest of the organization.
- Emphasis is made on conducting the execution in the most transparent manner and within the framework of applicable rules/regulations of various regulatory authorities.

- Communication to such authorities is restricted at the level of Whole Time Directors and senior execution team with the appropriate approvals of Whole Time Directors.
- Various tools of checks and balances are implemented while carrying out execution. The process of allocating specific resources towards specific clients/activities is practiced to centralize coordination till the stage of billing and receiving the compensation as decided.
- Internal discussions/meetings at periodic intervals are conducted to understand the status of each assignment as well as to understand various recent developments in respect of capital market transactions involving the company.
- Appropriate processes for the smooth business continuity and unforeseen exigencies keeping the organization structure in mind are implemented. The continuous evaluation of business risks keeping in mind the environment and obtaining inputs from internal and external sources is undertaken.
- **Monitoring and reviewing cyber security risks**

The above risk management policy is communicated to all the required stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment.

**Amendment:**

This policy will be reviewed by the Board of Directors of the Company or by its Committee (as may be authorized by the Board of Directors in this regard) as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company or its Committee. The Board of Directors or its Committee (as may be authorized by the Board of Directors in this regard) shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board of Directors in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

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