THAKUR FININVEST PVT. LTD.
NBFC Regd. with Reserve Bank of India

THAKUR FININVEST PRIVATE LIMITED

RISK MANAGEMENT POLICY

Non-Banking Financial Companies (NBFCs) form an integral part of the Indian financial system. NBFCs are required to ensure that a proper policy framework on Risk Management Systems with the approval of the Board is formulated and put in place. This policy document has been prepared in line with the RBI guidelines.

GENERAL PROVISIONS

This Policy represents the basic standards of Risk Assessment to be followed by the company. Changes in the Policy will become effective upon approval by the Board of Directors of the Company. All relevant employees must be thoroughly familiar or made familiar with it and make use of the material contained in this Policy.

RISK MANAGEMENT

Risk management is a business facilitator by making more informed decision with balanced risk- reward paradigm. The Company shall follow a disciplined risk management process and has been taking business decisions, ensuring growth and balancing approach on risk reward matrix.

There are mainly three types of risk associated with our business which are detailed as under:

i) **Credit Risk**

A risk of loss due to failure of a borrower/counterparty to meet the contractual obligation of repaying his debt as per the agreed terms, is commonly known as risk of default.

Risk Mitigation:

- Credit risk shall be managed using a set of credit norms and policies. The Company shall have defined roles and responsibilities for all credit exposure limits and shall be approved by any of the committee members.

  - Shri Virendrakumar S. Singh - Chairman & Managing Director
  - Shri Jitendra R. Singh – Director
  - Shri Karan V. Singh – Director

- There shall be a structured and standardized credit approval process to ascertain the credit worthiness of the borrower.

- The Company shall develop internal evaluation team to make credit decisions more robust and in line to manage collateral risk.

- The Company shall follow a process of time-to-time revisiting the credit processes, on the basis of experience and feedback.

ii) Operational Risk

Any eventuality arising from the act relating to people, technology, infrastructure and external factors, which can give rise to some type of loss in the organization, is termed as Operational Risk. Majorly it is internal and unknown. Therefore, the persons responsible shall keep continuous watch and shall gather the symptoms/warning signals to manage Operational risk.

iii) Market risk

This is majorly external market dynamics, which gives rise to Risks like Liquidity risk, Interest Rate risk and Funding risk. Liquidity risk is the inability to meet financial obligations in a timely manner and without stress. The Company shall resort to proper ways to manage such risks, if any.

Risk Mitigation:

As a contingency plan the Company shall maintain sufficient approved but undrawn credit lines on a continuous basis as buffer to manage eventuality of liquidity constraints.

The Company shall be compliant in terms of regulatory norms and therefore shall effectively manage regulatory risk. Effective Customer redressal mechanism and fair practices shall keep legal risk under control.

The Company shall have processes in place, to manage the risk of fraud and the suspected frauds are reported, wherever necessary.

IDENTIFICATION, MEASUREMENT AND ASSESSMENT OF RISK

i Management's responsibility, as delegated by the Board, is to operationalize the Risk Management Program and ensure that formal procedures are in place to identify and define risk with input from representatives across the enterprise.

ii. Measurement of risk is completed considering both quantitative and qualitative means using the likelihood and impact criteria as developed by Management and as reviewed by the Board.

iii. It is generally recognized that certain borrowers may be of a higher or lower risk category depending on the customer's background, type of business, our references, borrowers net worth and the ability to refund and pay interest etc. As such, based on the due diligence measures on risk sensitive basis each of the customers shall be divided in three categories HIGH, MEDIUM AND LOW which shall be reviewed every year. Initially, all the new clients are to be marked as high – risk category, however they may be subsequently recategorized depending on their performance based on our own experiences. The basic principal enshrined in this approach is that the concerned persons should adopt an enhanced customer due diligence process for higher risk customers. Conversely, a simplified customer due diligence process may be adopted for lower risk of categories of customers. In line with risk-based approach, the type and amount of information and documents shall vary depending on the risk category of a particular borrower and should be collected from the client.

iv. The beneficial owners working should be done for all corporate clients and background check of all directors.

v. In case of a borrower who subsequently has turned out to be a Politically Exposed person, proper risk management system should be put in place to determine the beneficial ownership from such clients or potential clients. Once we are privy to such publicly available information or the commercial electronic database of PEPs, we should seek additional relevant information from such client pertaining to ownership issues and other risks associated with such persons and take call whether such exposure to him or his company we should continue or terminate the relationship after giving notice in advance. As a policy without concurrence of top management, no such identified PEP account is to be granted loan.

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.

- 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.

BOARD OF DIRECTORS MEETINGS AND REVIEW

The Board of Directors, in their board meetings, will oversee the implementation of the system and review its functioning periodically.

The above Policy is approved by the Board of Directors of the Company.