RISK MANAGEMENT POLICY

(Pursuant to Regulation 17 and 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013)

R K SWAMY LIMITED

(Formerly Known as 'R K Swamy Private Limited')

(Duly approved by the Board of Director at its Meeting held on July 21, 2023 and revised by the Risk Management Committee of the Company at its meeting held on May 23, 2024)

RISK MANAGEMENT POLICY

1. INTRODUCTION

This Risk Management Policy ("**Policy**") is in compliance with Companies Act, 2013, as amended ("**Companies Act**") and the Regulation 17(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**Listing Regulations**"), which requires a Company to lay down procedures about risk assessment and risk minimization.

In accordance with Section 134(3) of the Companies Act and Regulation 17 of the Listing Regulations, a company is required 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 and for framing, implementing and monitoring the risk management plan for the listed entity.

This Policy establishes the philosophy of R K Swamy Limited ("**Company**") towards risk identification, risk management, development of risk mitigation plans and reporting on the risk environment of the Company.

2. OBJECTIVE

- 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, including the development of the Risk Register, in order to guide decisions on risk evaluating & mitigation related issues.

- This policy is in line with Regulation 21 of the SEBI Listing Regulations which requires the Company to lay down procedures for risk assessment and risk minimization.

- The objectives of the Policy can be summarised as follows:
    a) To identify internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
    b) To take measures for risk mitigation;
    c) To safeguard the Company's and its subsidiaries' property, interests, and interest of all stakeholders;
    d) To manage risks with an institutionalised framework and consistently achieving desired outcomes;
    e) To protect and enhance the corporate governance;
    f) To implement appropriate risk management initiatives, controls, incident monitoring, reviews and continuous improvement initiatives;
    g) To minimise undesirable outcomes arising out of potential risks; and
    h) To align and integrate views of risks across the Company.

3. DEFINITIONS

a) "**Risk**" means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.

b) "**Risk Management**" is the process of systematically identifying, quantifying, and managing all Risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

c) "**Risk Management Committee**" means the Committee formed by the Board.

d) "**Risk Assessment**" means the overall process of risk analysis and evaluation.

e) "**Risk Register**" means a tool for recording the Risks identified under various operations.

4. COMPONENTS OF A SOUND RISK MANAGEMENT SYSTEM

The risk management system in the Company should have the following key features:

a) Active board of directors, committee and senior management oversight;

b) Appropriate policies, procedures and limits;

c) Comprehensive and timely identification, assessment, mitigation, controlling, monitoring and reporting of risks;

d) Appropriate management information systems at the business level;

e) Comprehensive internal controls in accordance with the applicable regulations; and

f) An effective communication framework.

5. RISK GOVERNANCE

An organisation's ability to conduct effective risk management is dependent upon having an appropriate risk governance structure and well-defined roles and responsibilities. Risk governance signifies the way the business and affairs of an organisation are directed and managed by its board of directors and senior management.

6. SCOPE & POLICY

Principles of Risk Management

a) The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses.

b) All concerned process owners of the company shall be responsible for identifying & mitigating key Risks in their respective domain.

c) The occurrence of Risk, progress of mitigation plan and its status will be monitored on periodic basis.

Risk Management Framework

The Company believes that risk should be managed and monitored on a continuous basis. The Company is in the process of designing a detailed risk management framework to allow to manage risks effectively and efficiently, enabling both short term and long term strategic and business objectives to be met.

Company's approach to risk management includes four activities: Risk identification, Risk assessment, Risk mitigation and Risk monitoring, reviewing and reporting.

A. Risk Identification

The purpose of Risk identification is to identify internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee, and to identify all other events that can have an adverse impact on the achievement of the business objectives.

All Risks identified are to be documented in the form of a Risk Register. Risk Register incorporates risk description, category, classification, mitigation plan, responsible function / department.

The Compliance Officer of the Company shall be responsible to maintain and update the Risk Register.

B. Risk Assessment

Assessment involves quantification of the impact of Risks to determine potential severity and probability of occurrence and a business continuity plan. Each identified Risk is assessed on two factors which determine the Risk exposure:

i. Impact if the event occurs
ii. Likelihood of event occurrence

Risk Categories: It is necessary that Risks are assessed after taking into account the existing controls, so as to ascertain the current level of Risk. Based on the above assessments, each of the Risks can be categorized as – low, medium and high.

C. Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

All identified Risks should be mitigated using any of the following Risk mitigation plan:

a) **Risk Avoidance**: By not performing an activity that could carry Risk. Avoidance mayseem the answer to all Risks but avoiding Risks also means losing out on the potentialgain that accepting (retaining) the risk may have allowed.

b) **Risk Transfer**: Mitigation by having another party to accept the Risk, either partial ortotal, typically by contract or by hedging / Insurance.

c) **Risk Reduction**: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.

d) **Risk Retention**: Accepting the loss when it occurs. Risk retention is a viable strategyfor small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.

D. Monitoring, Reviewing and Reporting Risks

The Risk Management Committee shall formulate the policies for effective identification, monitoring, mitigation of the Risks.

Internal audit committee shall review the Risk Register twice a year at the minimum and add any new material Risk identified to the existing list. These will be shared with respective functional head for its mitigation. The Risk Register shall be maintained and updated in consultation with the Risk Management Committee.

Existing process of Risk Assessment of identified Risks and its mitigation plan will be appraised by the Risk Management Committee to Board on an annual basis.

Periodically, key risks are to be reported to the Board or the empowered committee with causes and mitigation actions undertaken/ proposed to be undertaken

7. GOVERNANCE STRUCTURE

A. Board of Directors

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.

B. Risk Management Committee

i. The Board shall constitute a Risk Management Committee which shall have minimum three members with majority of them being members of the Board, including at least one independent director. The Chairperson of the Risk Management Committee shall be a member of the Board and senior executives of the Company may be members of the committee.

ii. The Risk Management Committee shall meet at least twice in a year.

iii. The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

iv. The role of the Risk Management Committee shall include the following:

1) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

2) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.

3) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

4) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.

5) The appointment, removal and terms of remuneration of the Chief Risk Officer, if any, shall be subject to review by the Risk Management Committee.

6) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board.

v. The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

8. AMENDMENTS & REVIEW OF POLICY

The Board shall have the right to amend or modify or withdraw the said policy or any part thereof at any time as it deems fit. Any amendment or modifications notified by Securities and Exchange Board of India or Ministry of Corporate Affairs or any other authority shall apply to this policy automatically till such time the Board revises the said policy.

As the risk exposure of any business may undergo change from time to time due to the continuously changing environment, the updation and review of this Policy will be done as and when required, to ensure it meets the requirements of legislation and the needs of organization. The Risk Management Committee shall review this Policy periodically atleast once in two years to incorporate the changes in the industry and business of the Company

9. DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company.

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