



**AVENUESAI LIMITED**

*(Formerly known as Infibeam Avenues Limited)*

**[CIN: L64203G]2010PLC061366]**

**RISK MANAGEMENT POLICY**

[Amended w.e.f. August 30, 2024]

## **1. BACKGROUND:**

AvenuesAI Limited (*Formerly known as Infibeam Avenues Limited*) (“**the Company**”) is the Fintech Company. A number of practices and forms are adopted by the Management while taking decisions and monitoring performance, including functional and business review, which address current performance and future direction and changes thereto, as well as addressing potential risks. As a part of strengthening and institutionalizing the decision making process and monitoring the exposures that are faced by the Company, a formalized Risk Management System is being implemented on the Company.

Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management. Managing Risk is a skill that is sought to be strengthened through this process and an effort at making decision making more consistent in a way that the business objectives are met most of the times. The Risk Management process seeks to provide greater confidence to the decision maker and thus enhance achievement of objectives.

## **2. LEGAL FRAMEWORK:**

The Companies Act, 2013 and the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015, (“Listing Regulations”) have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

As per Regulation 17(9) of the Listing Regulations, the listed entity shall:

- (a)** Lay down procedures to inform members of board of directors about risk assessment and minimization procedures.
- (b)** The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Section 134(3)(n) of the Companies Act, 2013 requires a statement to be included in the report of the Board of Directors (“Board”) of the Company, indicating development and implementation of the 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.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a “Risk Management Policy” (“Policy”) of the Company.

AvenuesAI Limited, being a listed company, is required to adhere to the regulations made both by the Companies Act, 2013 and Listing Regulations governed by the Securities and Exchange Board of India (“SEBI”).

This document outlines the Charter – the purpose, authority and responsibility and the Policy as related to Risk Management.

### **3. OBJECTIVE:**

This policy is framed to set up a framework for risk assessment and minimization procedures. 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.

### **4. APPLICABILITY:**

This policy is applicable to all functions and departments of the Company.

### **5. COMPONENTS OF A SOUND RISK MANAGEMENT SYSTEM:**

The Risk Management System at the Company has the following key features:

- Active board and senior management oversight;
- Appropriate policies, procedures and limits;
- Comprehensive and timely identification, measurement, mitigation, controlling, monitoring and reporting of risks;
- Appropriate Management Information Systems (MIS) at the business level;
- Comprehensive internal controls in accordance with current regulations; and / or
- A Risk Culture and Communication.

### **6. DEFINITIONS:**

#### **Risk:**

Risk is often described by an event, a change in circumstances or a consequence that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives. Thus, risk is the effect of uncertainty on objectives.

**Risk Management:**

The coordinated activities to direct and control an organisation with regard to risk. The systematic process of identifying, analyzing and responding to anticipated future events that have the potential to impact objectives.

**Risk Management Policy:**

Risk Management Policy is a statement of the overall intentions and direction of an organization related to Risk Management.

**Risk Management Framework:**

Risk Management Framework is a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout the organization.

**Risk Management Plan:**

Risk Management Plan is a scheme or an operation plan within the Risk Management Framework specifying the approach, management components and resources to be applied to management of risk.

**Risk Strategy:**

The Risk Strategy of an organization defines its readiness towards dealing with various risks associated with the business. It describes the organization's risk appetite or tolerance levels and decision to transfer, reduce or retain the risks associated with the business.

**Risk Owner:**

Risk Owner is a person or entity with the accountability and authority to manage risk.

**Risk Analysis:**

The process of determining how often specified events may occur (likelihood) and the magnitude of their consequences (impact).

**Likelihood:**

Likelihood means the chance of something happening; whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively and described using general terms or mathematically such as a probability or a frequency over a given time period.

**Risk Evaluation:**

The process of determining Risk Management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria, to generate a prioritized list of risk for further monitoring and management.

**Risk Assessment:**

Risk Assessment is the combined process of Risk Analysis and Risk Evaluation.

**Risk Source:**

Risk Source is an element which alone or in combination has the intrinsic potential to give rise to risk.

**Risk Description:**

A Risk Description is a comprehensive template covering a range of information about a particular risk that may need to be recorded in a structured manner. It is an input to the Risk Register.

**Risk Register:**

A 'Risk Register' is a tool for recording risks encountered at various locations and levels in a standardized format of Risk Description. It becomes a major input in formulating subsequent Risk Strategy.

**Risk Profile:**

Risk Profile is a description of any set of risks that may relate to the whole or part of the organization or as otherwise defined.

**Risk Criteria:**

Risk Criteria is a terms of reference against which the significance of a risk is evaluated. They are based on organizational objectives and external or internal context and can be derived from standards, laws, policies and other requirements.

**Risk Treatment:**

Risk Treatment is a process to modify a risk. It that deals with negative consequences is also referred to as 'Risk Mitigation', 'Risk Elimination', 'Risk Prevention' and 'Risk Reduction'. It can create new risks or modify existing risks.

**Control:**

Control is a measure of modifying risk and includes any process, policy, device, practice or other actions which modify risk. It may not always apply the intended or assumed modifying effect.

**Residual Risk:**

Residual Risk is a risk remaining after Risk Treatment. It can contain unidentified risk and also be known as 'Retained Risk'.

## 7. RISK MANAGEMENT COMMITTEE:

The Company has constituted a Risk Management Committee with majority of Members of the Board of Directors, with the overall responsibility of overseeing and reviewing risk management across the Company. Constitution of the said Committee is as per following:

1. Mr. Vishal A. Mehta	Chairman	Chairman and Managing Director
2. Mr. Ajit C. Mehta	Member	Chairman Emeritus & Non-Executive Director
3. Mr. Sunil Bhagat	Member	Chief Financial Officer
4. Mr. Piyushkumar Sinha	Member	Independent Director

## 8. ROLES AND RESPONSIBILITIES:

### i) Board:

The Company's risk management architecture is overseen by the Board of Directors ("**Board**") and policies to manage risks are approved by the Board. The roles and responsibilities of Board are mentioned below:

- Ensure that the organization has proper risk management framework;
- Define the risk strategy and risk appetite for the Company;
- Approve various risk management policies including the code of conduct and ethics;
- Ensure that senior management takes necessary steps to identify, measure, monitor and control these risks;
- Evaluates information security and associated risk exposures;
- Evaluates regulatory compliance program;
- Evaluates the organization's readiness in case of business interruption;
- Engages in continuous education and staff development; and
- Provides support to the Company's Anti-Fraud Programs.

### ii) Audit Committee:

The Audit Committee assists the Board in carrying out its oversight responsibilities relating to the Company's (a) financial reporting process and disclosure of financial information in financial statements and other reporting practices, b) internal control, and c) compliance with laws, regulations, and ethics (d) financial and risk management policies.

- Setting policies on internal control based on the organization's risk profile, its ability to manage the risks identified and the cost/ benefit of related controls;
- Seeking regular assurance that the system of internal control is effective in managing risks in accordance with the Board's policies;
- Ensure that senior management monitors the effectiveness of internal control system;
- Help in identifying risk, assessing the risk, policies / guidance note to respond its risks and thereafter frame policies for control and monitoring.

### iii) Risk Management Committee:

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 of directors. The roles and responsibilities of the Committee are mentioned herein below:

- To Approve and review the risk treatment plans put in place by management;
- To Formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the listed entity, 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. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.
- To Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems including but not limited to cyber security and related risks;
- To Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To Keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- To seek information from any employee of the Company, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- To Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

#### **iv) Risk Management Function:**

The Risk Management Division is the key division which would implement and coordinate the risk function as outlined in this policy on an ongoing basis. It would act as the central resource division for administration of Risk Management Function:

- Developing and communicating organizational policy and information about the risk management program to all staff, and where appropriate to our associates / suppliers / contractors etc.;
- Develop, enhance and implement appropriate risk management policies, procedures and systems;
- Work with risk owners to ensure that the risk management processes are implemented in accordance with agreed risk management policy and strategy;
- Review risks and risk ratings of each department;
- Collate and review all risk registers for consistency and completeness;
- Provide advice and tools to staff, management, the Executive and Board on risk management issues within the organization, including facilitating workshops in risk identification;
- Oversee and update organizational-wide risk profiles, with input from risk owners.
- Defining relevant parameters for protection of environment, safety of operations and

health of people at work and monitoring the same regularly with reference to statutory regulations and guidelines.

- Review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;

**v) Business Units:**

- Comply with Company standards which relate to particular types of risks;
- Manage the risk they have accountability for;
- Review the risk on a regular basis;
- Identify where current control deficiencies may exist.

**9. 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.

**10. MEETING:**

The Risk Management Committee shall meet at least twice in a year on a continuous basis that not more than 180 (One Hundred and Eighty) days shall elapse between any two consecutive meetings.

**11. REVIEW:**

This policy shall be reviewed time to time to ensure it meets the requirements of legislation & the needs probable risk of organization.

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