PNY SABHA FINANCE LIMITED

ALM AND RISK MANAGEMENT POLICY (Board approved 2017)

Revised on board meeting dated 06/08/2024

Res: BOD/07-08-04/2024-25

BACKGROUND & LEGAL FRAMEWORK:

Managing the Risk is a key aspect of the "Corporate Governance Principles and Code of Ethics" which aims to improvise the governance practices across the Company's all activities. The Management decided to have to base their business decisions on a dynamic and integrated risk management system and process, driven by our corporate strategy. We are exposed to several major risks in the course of our daily business- credit risk, interest rate risk, equity price risk, liquidity risk and operational risk. It is therefore important that we should introduce effective risk management policy that addresses the issues relating to various business risks. Risk management policy and processes is enable the Company to pro-actively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on available opportunities.

OBJECTIVE & PURPOSE OF POLICY:

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 the Management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

- 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 and procedures for riskmanagement.
- To establish a framework for the company's risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of bestpractices.
- To assure planned business growth with financial stability.

DISCLOSURE IN BOARD'S REPORT

Board of Directors have indicated the development and implementation of a risk management policy for the company including identification therein of elements of risk, if any,whichintheopinionoftheBoardmaythreatentheexistenceofthecompany.

BACK GROUND AND IMPLEMENTATION

The Company is prone to 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 in compliance with the requirements under Section 134(3) (n) of the Companies Act, 2013, which requires the Company to lay down procedure for risk assessment and procedure for risk minimization. The extract of the said provision is as follows:

"Section 134(3)(n) : 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 Board of Directors of the Company along with Risk Management Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

CONSTITUTION OF RISK MANAGEMENT AND ALM COMMITTEE

The Board of Directors of the Company constituted the Risk Management and ALM Committee consisting of Managing Director Chairman, Deputy ceo's and CFO .

The Board has defined the roles & responsibilities of the Risk Management Committee & delegated monitoring & reviewing of the risk management plan to the Committee & such other functions as it deemed fit.

APPLICATION

This policy applies to all areas of the Company's operations.

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 ALM and 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.

OBJECTIVES

- Asset-liability management basically refers to the process by which a company

manages its balance sheet in order to allow for alternative interest rate and liquidity scenarios.

- The ALM function shall constantly review the various risks to which the company is

exposed such as credit risk, interest rate risk and liquidity risk.

- The ALM function shall devise proper monitoring system for ensuring that there is no

asset- liability mismatch and in case of such mismatch, it shall be quantified and mitigating steps shall be undertaken.

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 monitoredaccordingly;

- Ensureriskmanagementisintegratedintoboardreportingandannualreportingmechanisms;

- The company has fully computerised its operations particularly the asset side and the liability side enabling the management to retrieve information in a pre-defined manner

Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

As decided by the Management Committee the following procedures are adopted in our Company to mitigate various Business risks .

Internal Inspection procedure:

To have 3 types of Branch inspections: A. An appraisers'[Expert\ Specialised person] inspection to verify the quality and quantity as well as the purity of Gold ornaments taken as security while lending Gold loans , once in every two months. In extra Big branches where Gold loan out standings are more than 3 Crore , it will be on monthly basis.

B. Once in every 3 months time, a detailed inspection will be carried out by specialised staff member in all the branches to ensure proper business procedures &dealings.

C. Area Managers are instructed to conduct at least monthly one inspection and one spot inspection in their areas , in order to ensure branches are following the correct rules regulations.

Over and above this three inspection process the Executives from Corporate office will conduct sporadic inspections at least once in every 6 months in all our branches.

As a part of External auditing, Internal Inspection team will visit and conduct auditing some selected branches every year.

REVIEW

This policy shall be reviewed minimum, at least once in every year to ensure it meets the requirements of legislation & the needs of organization.

The Board has formed a committee to implement and evaluate various risks The Company may have to face in its day to day affairs periodically. Management committee comprising, Managing Director, Chairman, Deputy Ceo's and CFO

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 Risk Management Committee.