



Risk Management Policy

Background

This document lays down the framework of Risk Management at Capfin India Limited (hereinafter referred to as the '**Company**') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

Objective

Key objectives of this policy are to:

- Endorse a structured approach to identify current and future potential risks to organization.
- Establish and maintain a system of internal controls to promote effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.
- Mandate the allocation of each risk to a risk category so that appropriate governance structures and policies & procedures can be developed and implemented.
- Facilitate the making of informed decisions including the prioritization of identified risks consistent with risk tolerance.
- Facilitate the monitoring and reporting on status of all key risks to appropriate management/committees & Board of Directors.
- Provide reasonable assurance with respect to organization's ability to achieve its strategic and business objectives.

Risk Management Committee

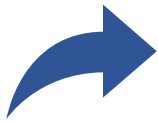
Risk Management Committee is established to assist the Board in its responsibility for ensuring that appropriate risk management and internal control system is in place and for regularly reviewing the effectiveness of same. Risk Committee is responsible for monitoring the adherence to the risk policy and guidelines and reviewing the overall risk management system in the light of changes in external and internal environment within which the Company operates.

Roles and Responsibilities

i. Role of Board of Directors

The Company's Board of Directors has the responsibility for overseeing all risks associated with the activities of business, establish a strong internal control environment and risk framework that fulfills the expectations of stakeholders of business.

The Board of Directors will review this policy statement on an annual basis, or sooner, depending on the circumstances facing the organization.



ii. Role of Risk Management Committee

The Risk Management Committee provides an overall assessment of risks impacting the activities of the Company and meets on periodic basis or whenever events warrant. The Risk Committee is responsible for the following activities:

- The Risk Management Committee would monitor on overall process of evaluation and assessment, progress of evaluation of control effectiveness, key control deficiencies observed and counter measures to address these. Monitoring would also include significant changes in assessment of key risks or new risks identified, if any.
- Review and approve modifications to existing policies, procedures, and other risk parameters on a periodic basis.

Risk Management Process

Risk management process of the Company aims at providing reasonable assurance that the policies and procedures that are in place are adequate considering the scope of business and its activities and are reviewed on an ongoing basis.

Key risk categories for which Company would have policies & procedures in place include:

- Credit Risk including settlement risk
- Market Risk
- Operational Risk
- Fraud Risk
- Legal and Compliance Risk
- Information Security Risk

Extensive and strict norms have been stipulated in identification of the borrower and evaluation of credit proposals. Appropriate delegation and deviation grids have been put in place. Each credit proposal is evaluated on various lending parameters both in qualitative and quantitative terms. Proper security, industry norms and ceilings have been prescribed to ensure well spreading out of risks and to avoid concentration risk.

Risk management process endeavors to identify, assess, monitor and report the risks in terms of above categories with any significant risk being reported to Risk Management Committee. Since the internal and external environment within which the Company operates is exposed to change continuously, the risk management process is kept sufficiently flexible to accommodate new situations as they arise.

Keeping in view the Directions issued by the Reserve Bank of India (RBI) on Corporate Governance, the Company shall put in place proper risk management mechanism / procedures for complying with the requirements. Necessary reporting and reviewing systems including formation of any Committee shall be established and disclosures made in the Balance Sheet wherever necessary, in line with the requirements of Directions or Rules or Regulations issued or made by any regulatory or statutory authorities, from time to time.



Capfin India Limited

Regd. Office: 1C/13, Basement, New Rohtak Road, North West Delhi, Delhi-110005; Email: compliance@capfinindia.in; Contact No.: 9665523806; CIN: L74999DL1992PLC048032; Website: www.capfinindia.in

Amendments

The Board may amend the provisions of this Policy from time to time.

Unless otherwise specified, such amendments shall be effective from the date of the Board meeting at which such amendments are approved.