

PRUDENT CORPORATE ADVISORY SERVICES LIMITED

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RISK MANAGEMENT POLICY

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1. INTRODUCTION

The Securities and Exchange Board of India (“the “SEBI”) notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) vide notification no. SEBI/LAD/NRO/GN/2015-16/013, dated 2nd September, 2015, which was effective from 2nd December, 2015 (90 days from the publication in official gazette).

In accordance with Section 134(3)(n) of the Companies Act, 2013, 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 further as per Regulation 17 of the SEBI LODR Regulations, as amended, the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. Accordingly, to mitigate and manage risk at “Prudent Corporate Advisory Services Limited” (hereinafter referred to as the “Company”), the Company has formed the policy (the “Risk Management 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 the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

2. OBJECTIVE

The objective of the Risk Management Policy of the Company is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. This Risk Management Policy is being applied in order to ensure that effective management of risks is an integral part of every employee’s job. These include:

- a) Providing a framework, that enables future activities in a consistent and controlled manner;
- b) Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
- c) Contributing towards more efficient use/ allocation of the resources within the organization;
- d) Protecting and enhancing assets and Company’s image;
- e) Reducing volatility in various areas of the business;

- f) Developing and supporting people and knowledge base of the organization;
- g) Optimizing operational efficiency.
- h) Effectively implement and maintain the business continuity plan in all possible adverse situations;

3. DEFINITIONS

In this Policy, unless the context otherwise requires:

"**Audit Committee or Committee**" means the audit committee of board of directors of the Company in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder read with the SEBI LODR Regulations.

"**Board of Directors**" or "**Board**" in relation to the Company, means the collective Body of Directors of the Company (including a committee of directors of the Company duly authorized by the Board).

"**Company**" means "Prudent Corporate Advisory Services Limited", a company constituted under the provisions of the Companies Act, 1956.

"**Policy**" means this Risk Management Policy as may be amended or supplemented from time to time.

"**SEBI LODR Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015, as amended.

4. APPLICABLE DATE

The Risk Management Policy shall come into force on and from such date, on which the Board of Directors in a meeting adopt the same.

5. CONSTITUTION OF RISK MANAGEMENT COMMITTEE

Risk Management Committee shall be constituted by the Board, as and when required under the applicable law, consisting of such number of directors (executive or non-executive or independent directors) and such officials other key managerial personnel or of the Company as the Board thinks fit.

The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management framework to the Committee along with such other functions as it may deem fit.

6. RISK MANAGEMENT FRAMEWORK

A) RISK IDENTIFICATION

Risk identification forms the core of the Risk Management system. Multiple approaches for risk identification are applied to ensure a comprehensive Risk Identification process. The company identifies sources of risk, areas of impacts, events and their causes with potential consequences.

Key Risks on which the Company presently focuses can be broadly subdivided into Internal and External Risks and may comprise of the following:

● INTERNAL RISKS:

- Technological risks
- Financial risks
- Operational risks
- Strategic business risks
- Legal and regulatory compliance risks
- Cyber security risks
- Cost risks

● EXTERNAL RISKS:

- Economic Environment and Market conditions Risks
- Competition risks:
- Government policy, political and sectoral risks
- Risk related to intellectual property rights;
- Sustainability (ESG) risks

B) RISK ASSESSMENT

For all key risks identified during the Risk Identification process, a qualitative and quantitative assessment is carried out. Risk assessment involves different means by which to grade risks in order to assess the possibility of their occurrence and extent of damage their occurrence might cause.

C) RISK PRIORITIZATION

- After the risk assessment is complete, the key risks are prioritized to determine which risk are considered material and need to be addressed on a priority basis.
- For this purpose, the materiality scales are used to identify the severity and likelihood of these risks.

- All risks that fall in the red zone are considered high risk and require immediate attention in terms of risk management.
- The findings of risk prioritization are presented to risk management committee.

D) RISK MITIGATION

Once the top or critical risks are prioritized, appropriate risk mitigation and management efforts to effectively manage these risks are identified.

Risk mitigation strategy usually involves identifying a range of options for treating risk, assessing those options, preparing and implementing risk treatment plans. The risk mitigation strategies may include managing the risk through implementation of new internal controls, accepting certain risks, taking insurance, and finally avoiding certain activities that result in unacceptable risks

7. INTERNAL CONTROL

Internal controls are safeguards that are put in place by the management of an organization to provide assurance that its operations are proceeding as planned. Internal control helps to provide reasonable assurance that the organization Adheres to laws, regulations and management directives; Promotes orderly, economical, efficient & effective operations & achieves planned outcomes; Safeguards resources against fraud, waste, abuse and mismanagement; Provides quality services consistent with the organization's mission; Develops & maintains reliable financial & management information and timely reporting.

8. RESPONSIBILITY AND COMPLIANCE

Generally every staff member of the Company is responsible for the effective implementation of risk management framework. The Head of Departments and other senior management persons in the Company at organizational levels under the guidance of the Board / Risk Management Committee are responsible for the development of risk mitigation plans and its effective implementation.

9. GENERAL

- The Risk Management Committee in their meeting shall at least once in every year review the risk management framework and effectively address the emerging challenges in a dynamic business environment and ensure that it meets the requirements of the applicable Laws and the needs of the Company.
- The Risk Management Committee and Board of Directors shall have the power to

modify, amend or replace this Policy in part or full as may be thought fit from time to time in their absolute discretion as far as it is not in contravention of SEBI LODR Regulations.

- In case of any inconsistency between any of the provisions of the SEBI LODR Regulations / the Companies Act, 2013 and this Policy or in case of any omission of any of the provisions of the SEBI LODR Regulations / the Companies Act, 2013 in this Policy, the provisions of the SEBI LODR Regulations / the Companies Act, 2013, as amended shall prevail or be applicable, as the case may be.
- Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI LODR Regulations or any other applicable law or regulation to the extent applicable to the Company.

The risks outlined above are not exhaustive and are for information purposes only.

10. DISSEMINATION OF POLICY

The Risk Management Policy shall be disclosed in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at www.prudentcorporate.com.
