INNOVA CAPTAB LIMITED

RISK MANAGEMENT POLICY

Approving Authority	Board of Directors of the Company
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1. INTRODUCTION

Risk is an unavoidable component of today's fast-paced business environment. Therefore, Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the activities of Innova Captab Limited (the "Company). Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. To reduce the negative impact of risks on business objectives, the Company has developed this Risk Management Policy.

2. OBJECTIVE OF POLICY

The Company is prone to inherent business risks. 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.

This document is intended to formalize a Risk Management Policy, the objective of whichshall be identification, evaluation, monitoring and minimization of identifiable risks.

3. DEFINITIONS

"Act" means the Companies Act, 2013, as amended from time to time and the rules made thereunder.

"Audit Committee" means the Audit Committee constituted under Section 177 of the Companies Act, 2013 by the Board of Directors of the Company.

"Board" means Board of Directors of Innova Captab Limited.

"**Company**" means Innova Captab Limited.

"**Risk**" is defined as the chance of a future event or situation happening that will have an impact upon company's objective favorably or unfavorably. It is measured in terms of consequence and likelihood.

"**Risk Management**" encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring.

"SEBI Listing Regulations" means Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

4. REGULATORY FRAMEWORK

Risk Management Policy is framed as per the Companies Act, 2013 and SEBI Listing Regulations briefed out as follows:

a. As per Section 134 (n) of the Act, the Board of Directors' report must include a statement indicating the development and implementation of a Risk Management Policy for the Company including identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

b. As per Section 177(4)(vii) of the Act, the Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include evaluation of internal financial controls and risk management systems.

c. As per Schedule IV [Part II-(4)] of the Act, Independent directors should satisfy themselves that financial controls and the systems of risk management are robust and defensible.

d. As per Regulation 2 (e)(f) of SEBI Listing Regulations, the Board shall ensure the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

e. As per Regulation 17(9)(b) of SEBI Listing Regulations, the Board shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

f. As per Regulation 21(4) of SEBI Listing Regulations, the Board shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee.

g. As per Schedule II - Part C of SEBI Listing Regulations, the role of Audit Committee includes evaluation of internal financial controls and risk management systems.

5. CONSTITUTION OF THE COMMITTEE

The Risk Management Committee ("Committee") of the Company shall have a minimum of three Members with the majority of them being members of the Board, including at least one Independent Director. The Chairperson of the Committee shall be a member of the Board and senior executives of the Company may be members of the Committee. The Company Secretary shall act as the Secretary to the Committee.

6. QUORUM

The quorum required for transacting business at a meeting of the Committee shall be either two members or one-third of the members of the Committee, whichever is higher, including at least one Independent Director being present.

7. MEETINGS:

The Committee shall meet at least twice in a Financial Year or as frequently as may be considered necessary by the Chairperson of the Committee. There should not be a gap of more than 210 days between two consecutive meetings.

8. RISK APPETITE

A critical element of the Company's Risk Management Framework is the risk appetite.

The key determinants of risk appetite are as follows:

a. Shareholder and investor preferences and expectations;
b. Expected business performance (return on capital);
c. The capital needed to support risk taking;
d. The culture of the organization;
e. Management experience along with risk and control management skills;
f. Longer term strategic priorities.

Risk appetite is communicated through the Company's strategic plans. The Board and management monitor the risk appetite of the Company relative to the Company's actual results to ensure an appropriate level of risk tolerance throughout the Company.

9. RISK MANAGEMENT FRAMEWORK

The Company believes that risk should be managed and monitored on a continuous basis. As a result, the Company has designed a dynamic 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.

The Company's approach to risk management is summarized as below:

a) Identification of risks

To ensure key risks are identified, the Company:

- defines the risks in context of the Company's strategy;
- documents risk profiles, including a description of the material risks; and
- regularly reviews and updates the risk profiles;
- Create a what-if scenario of uncertain events that can impact the planned results positively or negatively;

b) Assessment of risks

The Risk assessment methodology shall include:

- collection of information;
- identification of major risks;
- rating of each risk on the basis of;
  - Consequence
  - Exposure
  - Probability
- prioritization of risks;
- function-wise exercise on risk identification, risk rating, control;
- Function-wise setting the level of responsibility and accountability.

c) Measurement and control

Identified risks are then analyzed and the manner in which the risks are to be managed and controlled are then determined and agreed. The generally accepted options are:

- accepting the risk (where it is assessed the risk is acceptable and where avoiding the risk presents a greater risk through lost opportunity);
- managing the risk (through controls and procedures);
- avoiding the risk (through stopping the activity);
- transferring the risk (through outsourcing arrangements);
- Financing the risk (through insurance arrangements).

d) Continuous assessment

The Company's Risk Management Framework requires a continuing cycle of implementing, monitoring, reviewing and managing the risk management processes.

10. RISK PROFILE

The identification and effective management of risks is critical in achieving strategic and business objectives of the Company. The Company's activities giverise to a broad range of risks which are considered under the following key categories of risk:

Strategic Risks

- Lack of responsiveness to the changing economic or market conditions, including commodity prices and exchange rates, that impact the Company's operations;
- Ineffective or poor strategy developed;
- Ineffective execution of strategy.

Financial Risks

- Financial performance does not meet expectations;
- Capital is not effectively utilized or managed;
- Cash flow is inadequate to meet financial obligations;
- Financial results are incorrectly accounted for or disclosed; and
- Credit, market and/or tax risk is not understood or managed effectively

Operational Risks

- Difficulties in commissioning and operating a particular business;
- Unexpected increase in the costs of the components required to run a business;
- Adverse market conditions;
- Failure to meet the expenditure commitments on prospecting/ marketing particular business;
- Inadequate or failed internal processes, people and systems for running a particular business.

Investment Risks

- Failure to provide expected returns for defined objectives and risk such as underperforming to the stated objectives and/or benchmarks.

People's Risk

- Inability to attract and retain quality people;
- Inadequate succession planning;
- Inappropriate work culture & ethics;
- Inefficient whistle blower mechanism and;
- Inappropriate policy for woman safety at work place;
- Inadequate upgradation in terms of training and skills.

Legal and Regulatory Risks

- Legal / Commercial rights and obligations are not clearly defined or misunderstood; and
- Commercial interests not adequately protected by legal agreements.

Information Systems

- Temporary failure of Hardware/ Software/ Power

Compliance Risks

- Non-conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

11. BUSINESS CONTINUITY PLAN

Business Continuity Plan refers to maintaining business functions or quickly resuming them in the event of a major disruption, whether caused by a fire, flood or any other act of God. A business continuity plan outlines procedures and instructions an organization must follow in case of such disasters; it covers business processes, assets, human resources, business partners and more.
Company shall have well documented Business Continuity Plan for any contingent situation covering all perceivable circumstances. The Business Continuity Plan may be reviewed and amended by the Risk Management Committee.

12. GOVERNANCE STRUCTURE

The Company's Risk Management Framework is supported by the Board of Directors, Management, Risk Management Committee and the Audit Committee.

Board of Directors

The Board will undertake the following actions to ensure risk is managed appropriately:

a. The Board shall be responsible for framing, implementing andmonitoring the risk management plan for the company;

b. Ensure that the appropriate systems for risk management are in place;

c. Participate in major decisions affecting the organization's risk profile;

d. Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;

e. Be satisfied that processes and controls are in place for managing less significant risks;

f. Be satisfied that an appropriate accountability framework is workingwhereby any delegation of risk is documented and performance can be monitored accordingly;

g. Ensure risk management is integrated into board reporting and annual reporting mechanisms.

Management

a. Management is responsible for monitoring and whether appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met;

b. To assist the Board in discharging its responsibility in relation to risk management.

c. When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company' s financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks;

d. The Committee is also responsible for monitoring overall compliance with laws and regulations.

e. Reporting to the Board of Directors consolidated risks and mitigation strategies on a half yearly basis.

Risk Management Committee

a. To formulate a detailed risk management policy which shall include:

(i) 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.
(ii) Measures for risk mitigation including systems and processes for internal control of identified risks.
(iii) Business continuity plan.

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

c. To monitor and oversee implementation of the Risk Management Policy, including evaluation of adequacy of risk management system.

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

e. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

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

Audit Committee

a. The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company.

b. The Committee shall also be responsible for evaluation of risk management systems.

13. REVIEW OF THE POLICY

The Board will review this Policy from time to time to ensure it remains consistentwith the Board's objectives and responsibilities.

14. AMENDMENT TO POLICY

Any subsequent notification, circular, guidelines or amendments in the Act, SEBI Listing Regulations or any other applicable statutory or regulatory law shall forthwith be implemented by the Company and consequent changes in this Policy shall be carried out with the approval from Chairperson & Managing Director and be communicated on the relevant platform.

Provided the Board is kept informed about the said amendment at the first Board Meeting held after such amendment.

Any amendment for the reasons other than those mentioned above shall need approval by the Board of Directors.

15. PUBLICATION OF POLICY

This Policy will be available on the Company's website and the key features of the Policy will be published in the Annual Report as well.