

RISK MANAGEMENT POLICY

1. Introduction

The Board of Directors of **M/s. Srestha Finvest Limited** ('the Company') has adopted the following policy and procedures with regard to risk management as defined below. The Company is in the process of forming a Risk Management Committee. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective October 1, 2014.

2. Objective

This policy is framed based on Listing Agreement entered by the Company with the Stock Exchanges and to facilitate setting up a framework for risk assessment and minimization procedures.

3. Definitions

"Audit Committee" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Listing agreement.

"Board of Directors" or "Board" in relation to a Company, means the collective body of Directors of the Company. [Section 2(10) of the Companies Act, 2013] **"Policy"** means Risk Management Policy.

4. Regulatory framework/ requirement

Risk Management Policy is framed as per the following regulatory requirements:

4.1 Clause 49 of the Listing Agreement

Key functions of the Board

The Board should fulfill certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, **risk policy**, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.

- g. Ensuring the integrity of the company'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.

49 (III) D. Role of Audit Committee

The role of the Audit Committee shall include the following:

11. Evaluation of internal financial controls and risk management systems;

49 (VI). Risk Management

A. The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

B. the Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.

C. The company shall also constitute a Risk Management Committee. The Board shall define the roles and responsibilities of the 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.

49 (II) D- Information to be placed before Board of Directors (Annexure - X the Listing Agreement)

14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

4.2 Companies Act, 2013

1. Provisions of the Section 134(3)

There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—

(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.

2. Provisions of the Section 177(4)

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—

(vii) Evaluation of internal financial controls and risk management systems.

3. Schedule IV [Section 149(8)] - Code for Independent Directors

II. Role and functions:

The independent directors shall:

(1) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, **risk management**, resources, key appointments and standards of conduct;

(4) satisfy themselves on the integrity of financial information and that financial controls and **the systems of risk management** are robust and defensible; the Company being a listed company, is required to adhere to the regulations made both by the Companies Act, 2013 and Clause 49 of the Listing Agreement governed by the Securities and Exchange Board of India (SEBI). Where any stipulation is common between the regulations, more stringent of the two shall be complied with.

5. Charter of the Risk Management Committee

Charter of the Risk management Committee shall be as follows:

5.1 Purpose

The purpose of the risk management committee of the Board of Directors of M/s. Srestha Finvest Limited (the "Company") shall be to assist the Board with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks. The Committee has overall responsibility for monitoring and approving the risk policies and associated practices of the Company.

The risk management committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

5.2 Composition

The majority of Committee shall consist of members of the Board of Directors. Senior executives of the company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors.

5.3 Meetings and Quorum

The quorum necessary for transacting business at a meeting of the Committee shall be two members.

5.4 Authority

The Committee shall have free access to management and management information. The Committee, at its sole authority, may seek the advice of outside experts or consultants where judged necessary.

5.5 Terms of reference

- the risk management committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.
- the risk management committee shall ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- the risk management committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).
- the risk management committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- the risk management committee shall make regular reports/ recommendations to the Board.

The risk management committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

This Policy will be communicated to all concerned persons of the Company and shall be placed on the website of the Company at www.srestha.co.in.

M/s. SRESTHA FINVEST LIMITED

VIGIL MECHANISM /WHISTLE BLOWER POLICY

1. INTRODUCTION:

i. As per the requirements of the Section 177 of the Companies Act, 2013, every listed company and such class or classes of companies as prescribed in the Companies (Meetings of Board and its Powers) Rules, 2014 is required to establish a vigil mechanism through the "Whistle Blower Policy" for directors and employees to report concerns of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct.

ii. M/s. Srestha Finvest Limited believes in the conduct of affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior and is committed to developing a culture where it is safe for all employees to raise concerns about any unacceptable practice or any event of misconduct. The organization provides a platform for directors and employees to disclose information internally, which he/she believes shows serious malpractice, impropriety, abuse or wrong doing within the company without fear of reprisal or victimization. Further, assurance is also provided to directors and employees that prompt action will be taken to investigate complaints made in good faith.

iii. Under these circumstances, M/s. Srestha Finvest Limited ("Srestha" / the "Company") being a Listed Company proposes to establish the said Whistle Blower Policy.

2. OBJECTIVES:

The following are the objectives:

- i. To enable directors and employees to voice concerns in a responsible and effective manner.
- ii. To provide a platform for directors and employees to disclose information internally, without fear of reprisal or victimization.
- iii. To enable disclosure of information, independently of line management
- iv. To ensure that no director or employee of the Organization feels he/she is at a disadvantage while raising legitimate concerns.

3. SCOPE OF THE POLICY:

- i. The Whistleblower policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company.
- ii. This policy is an extension of the M/s. Srestha Finvest Limited Code of Conduct. Whistle Blowers should not act on their own in conducting any investigation activities.
- iii. Any untrue allegations will not be taken up and investigated and appropriate action will be taken for the same.

iv. This policy is intended to assist individuals who believe they have discovered any malpractice or impropriety. It is not designed to question financial or business decisions taken by the firm nor should it be used to reconsider any matters which have been investigated under the harassment, grievance or disciplinary policies and procedures.

4. COVERAGE:

It covers all malpractices and events (hereinafter referred to as "Concerns") which have taken place / suspected to take place which includes a whole variety of issues listed below:

- i. Any unlawful Act, whether criminal or a breach of the civil law.
- ii. Breach of any Policy or Manual or Code adopted by the Company
- iii. Abuse of power/authority (through physical, sexual, psychological or financial abuse, exploitation or neglect)
- iv. Negligence causing substantial and specific danger to public health and safety
- v. Manipulation of company data/records
- vi. Financial irregularities, including fraud, or suspected fraud
- vii. Perforation of confidential/propriety information
- viii. Deliberate violation of law(s)/regulation(s)
- ix. Wastage/misappropriation of company funds/assets
- x. Breach of employee Code of Conduct or Rules; and
- xi. Any other unethical or improper conduct

5. DEFINITIONS & GLOSSARY:

i. "Alleged wrongful conduct" shall mean violation of law, non-compliance or default in complying with the Company rules, unethical behavior or violation of the Company's Code of Conduct, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

ii. "Audit Committee" means the Committee constituted by the Board of Directors of the Company in accordance with relevant clauses of the Listing Agreement and section 177 of the Companies Act, 2013.

iii. "Board" means the Board of Directors of the Company.

iv. "Company" means M/s. Srestha Finvest Limited and all its Offices.

v. "Director or employee" means every employee of the Company (inclusive of all Operating Units).

vi. "Disciplinary Action" means any action that can be taken on the completion of / during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.

vii. "Compliance Committee" means a Committee comprising of Mr. Manmohan Bafna (Chairman), Mr Gopal B Ahuja, (Independent Director), Chief Financial Officer and Company Secretary of the company which has been appointed to receive concerns from whistle blowers and do a preliminary enquiry of the facts of the concern and conduct an investigation wherever required. In exceptional cases, concerns can be reported directly to the Chairman of the Audit Committee.

viii. "Protected Disclosure" means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical behavior or improper activity, actual or suspected fraud or violation of the Company's Code of Conduct. It should be factual and not speculative or in the nature of an interpretation/conclusion and should contain as much specific information supported by reasonable evidence as possible to allow for proper assessment of the nature and extent of the concern.

ix. "Subject" means a person against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

x. "Whistle Blower" is a director or an employee or group of employees who make a Protected Disclosure under this Policy and also referred to in this policy as a complainant.

6. ELIGIBILITY:

i. All directors and employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

ii. A person who has resigned from the services of the company and is serving the notice period, is not eligible to make protected disclosures under the policy in relation to the matters concerning the Company.

7. PROCESS FOR RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES:

7.1 All Protected Disclosures should be reported in writing by the complainant to the Compliance Committee ("CC") as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English or in the relevant regional language.

7.2 The Protected Disclosure should be submitted in a closed and secured envelope, dispatched to the CC's address as indicated under Para 7.4 And should be super scribed as "Protected disclosure under the whistle blower policy". Alternatively, the same can also be sent through email to the mail id (srestha.info@gmail.com) with the subject "Protected disclosure under the vigil mechanism / whistle blower policy". If the complaint is not super scribed and closed as mentioned above, it will not be possible to protect the complainant and the protected disclosure will be dealt with as if it is a normal disclosure. In order to protect the identity of the complainant, the CC will not issue any acknowledgement to the complainant. The CC shall assure that in case any further clarification is required, it shall get in touch with the complainant.

7.3 The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The CC shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure

7.4 Protected Disclosures should be addressed to the CC of the Company.

The contact details of the CC are as under:-

CHAIRMAN , COMPLIANCE COMMITTEE
Srestha Finvest Limited
No. 35/1, Muthu Krishnan Street, Kondithope, Chennai 600 079
Email: srestha.info@gmail.com

7.5 Protected Disclosure against the CC should be addressed to the Chairman of the Audit Committee. The contact details of the Audit Committee are as under;

Name and e-mail id of the - Mr. Gopal B Ahuja, Member of the Audit Committee
Email id: srestha.info@gmail.com

On receipt of the protected disclosure the CC shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. The CC shall also carry out an initial enquiry by itself or by involving any other Officer of the Company or by hiring the services of an outside agency for further appropriate investigation and needful action. The record of the CC will include:

- a) Brief facts;
- b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- c) Whether the same Protected Disclosure was raised previously on the same subject;
- d) Details of actions taken by the CC for processing the complaint.
- e) Findings of the CC and the outside agency, if any

7.6 The CC, if it deems fit, may call for further information, details or particulars from the complainant.

7.7 The Whistle Blower shall be provided ongoing support and protection from any adverse treatment as a result of his/her actions. Any victimization or detrimental action taken against the Whistle Blower as a result of his/her allegation would be treated as a serious matter by the Company and appropriate action ensured

8. INVESTIGATION

8.1 The investigation shall be completed normally within 45 days of the receipt of the protected Disclosure by the CC. If it is not completed within 45 days, the CC shall provide proper explanations to the Chairman of the Audit Committee for the delay

9. DECISION AND REPORTING

i. The Audit Committee will, based on the findings in the written report submitted by the CC after conducting further investigation as it may deem fit, come to a final decision in the matter not later than 45 days from the date of receipt of the written report.

ii. If the complaint is shown to be justified, then the Audit Committee shall invoke disciplinary or other appropriate actions against the concerned as per the Organization's procedures. The following actions may be taken after investigation of the concern;

Disciplinary action (up to and including dismissal) against the Subject depending on the results of the investigation; or;

Disciplinary action (up to and including dismissal) against the whistle blower if the claim is found to be malicious or otherwise in bad faith; or

No action if the allegation proves to be unfounded.

iii. If the report of the investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency.

iv. A complainant who makes false allegations of unethical behavior or improper practices, actual or suspected fraud or violation of the Company's Code of Conduct by the subject to the CC /Chairman of the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company .

10. GUIDING PRINCIPLES:

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

i. Maintain confidentiality of all matters under this Policy;

ii. Ensure that the Whistle Blower and/or the person processing the Protected Disclosure are not victimized for doing so.

iii. Treat victimization as a serious matter including initiating disciplinary action on the concerned person(s).

iv. Initiate disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made.

v. Provide an opportunity of being heard to the persons involved, especially the Subject.

11. DISCIPLINARY ACTION:

i. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

ii. 'Protection' under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus intention.

iii. Whistle Blowers, who make two or more Protected Disclosures, which have been subsequently found to be frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy. In respect of such Whistle Blowers, the Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

12. ACCESS TO THE CHAIRMAN OF THE AUDIT COMMITTEE:

The Whistle Blower shall have the right to access the Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

13. AMENDMENT:

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Directors and Employees unless the same is notified to them in writing.