



**GAJA ALTERNATIVE ASSET
MANAGEMENT LIMITED**
(Formerly known as GAJA ALTERNATIVE ASSET
MANAGEMENT PRIVATE LIMITED)

Risk Management Policy and Procedures

1. INTRODUCTION

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 Gaja Alternative Asset Management Limited (the “**Company**”). Risk management policy and processes will enable the Company to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

Section 134(3) of the Companies Act, 2013 requires a statement to be included in the report of the board of directors (“**Board**”) of the Company, 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.

Furthermore, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

The policy, shall be applicable to the Company with effect from the listing of the equity shares of the Company on one or more recognized stock exchanges.

2. OBJECTIVE

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 which shall be identification, evaluation, monitoring and minimization of identifiable risks.

This policy is in line with Regulation 17(9) and Regulation 21 of the Listing Regulations which require the Company to lay down procedures for risk assessment and risk minimization.

3. DEFINITIONS

“**Board**” means Board of Directors of Gaja Alternative Asset Management Limited.

“Company” means Gaja Alternative Asset Management 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.

“Risk Management Committee” means the committee constituted by the Board of the Company in accordance Regulation 21 of the Listing Regulations.

4. RISK APPETITE

A critical element of the Company’s risk management framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of business objectives.

The key determinants of risk appetite are as follows:

- i. Shareholder and investor preferences and expectations;
- ii. Expected business performance (return on capital);
- iii. The capital needed to support risk taking;
- iv. The culture of the organization;
- v. Management experience along with risk and control management skills;
- vi. 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.

5. RISK MANAGEMENT FRAMEWORK

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.

The Company's risk profile is summarized below.

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 analysed 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 continuing cycle of implementing, monitoring, reviewing and managing the risk management processes.

6. RISK PROFILE

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

6.1 Strategic Risks

- Lack of responsiveness to the changing economic or market conditions that impact the Company's operations.
- Ineffective or poor strategy developed.
- Ineffective execution of strategy.

6.2 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.

6.3 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.

6.4 Investment Risks

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

6.5 People's Risk

- Inability to attract and retain quality people.
- Inadequate succession planning.
- Inappropriate work culture and ethics.
- Inefficient whistle blower mechanism.
- Ineffective policy for woman safety at workplace.

6.6 Legal and Regulatory Risks

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

6.7 Compliance Risks

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

6.8 Cybersecurity Risk:

With the rising needs of digitalization and modern technology, there is an additional threat to key information of the Company stored on various applications, be it on external cloud storage, or other networks and devices and devices from cyberattacks which could be in the form of theft, breach of security virus or such other vulnerabilities and attacks

7. GOVERNANCE STRUCTURE

The Company's risk management framework is supported by the Board of Directors, the Risk Management Committee and senior management of the Company:

- The Risk Management Committee is responsible for framing the risk policy and risk framework, defining the risk appetite and periodical review. The Risk Management Committee has the overall responsibility of overseeing and reviewing risk management across the Company. The terms of reference of the Risk Management Committee are in accordance with the requirements of the Listing Regulations.
- The senior management of the Company are responsible for ensuring overall risk management, internal compliance, and effective and efficient operation of internal control systems in all material respects.
- The Board is responsible for oversight of the establishment and implementation of the risk management programs.

8. REVIEW OF THE POLICY

The Board or the risk management committee of the Company will review this Policy from time to time, at least once every two years, to ensure it remains consistent with the Board's objectives and responsibilities.

9. PUBLICATION OF POLICY

The key features of the Policy will be published in the Annual Report.