



NEXOME CAPITAL MARKETS LIMITED
(FORMERLY SMIFS CAPITAL MARKETS LIMITED)

RISK MANAGEMENT POLICY

[approved by the Board of Directors on June 04, 2025]

Regd. Office: Vaibhav, 4F, 4 Lee Road, Kolkata- 700020

I. STATUTORY PREAMBLE AND REGULATORY CONTEXT

This Risk Management Policy ("Policy") is formulated in compliance with applicable provisions of Indian corporate and securities laws, including:

- **Section 134(3)(n) of the Companies Act, 2013** – requiring disclosure of risk management policy in the Board's Report.
- **Section 177(4)(vii) of the Companies Act, 2013** – mandating the Audit Committee to evaluate internal financial controls and risk management systems.
- **Regulation 4(2)(f) of the SEBI (LODR) Regulations, 2015** – emphasizing the Board's responsibility for risk oversight.

While the Company is presently not mandated to constitute a Risk Management Committee under **Regulation 21 of SEBI (LODR)**, this Policy establishes a robust voluntary framework aligned with best governance practices.

II. PURPOSE AND OBJECTIVES

Purpose

To establish a structured, systematic, and enterprise-wide approach for identifying, assessing, managing, and mitigating risks associated with the Company's operations.

Objectives

- Safeguard shareholder value and Company assets
- Ensure long-term sustainability and business continuity
- Minimize adverse impact on strategic, operational, financial, and compliance goals
- Promote a proactive, risk-aware organizational culture
- Integrate risk management into strategic and operational decision-making

III. POLICY PHILOSOPHY

The Company operates in a dynamic capital markets environment where risk is inherent and unavoidable. The Board recognizes that effective risk management is not merely defensive but a strategic enabler.

This Policy promotes:

- A shift from reactive to proactive risk management
- A balanced risk-reward approach
- Embedding risk awareness across all levels of the organization

IV. SCOPE AND APPLICABILITY

This Policy applies to:

- All departments, business units, and functions
- Senior management and employees
- All operational, financial, and strategic activities

It covers all categories of risks including internal and external exposures.

V. TAXONOMY OF CORPORATE RISKS

The Company shall maintain a Corporate Risk Register covering the following risk categories:

1. Strategic & Market Risks

- Market volatility and capital market fluctuations
- Competitive pressures and disruptive entrants
- Macroeconomic and geopolitical developments

2. Regulatory & Compliance Risks

- Non-compliance with:
 - Companies Act, 2013
 - SEBI (LODR), ICDR, SAST Regulations
 - Insider Trading Regulations
- Changes in regulatory environment

3. Operational & Financial Risks

- Internal process inefficiencies
- Liquidity and credit risks
- IT systems, cybersecurity, and data protection risks
- Fraud and internal control failures

4. Reputational Risks

- Brand erosion due to compliance failures or misconduct

5. Environmental & Safety Risks

- Workplace safety and ESG-related risks (where applicable)

6. Existential Risks

- Events threatening the Company's **"Going Concern" status**, as contemplated under the Companies Act.

VI. RISK MANAGEMENT FRAMEWORK

The Company adopts a structured framework comprising:

1. Risk Identification

- Identification of internal and external risks
- Use of tools such as:
 - Risk Registers
 - SWOT Analysis
 - Stakeholder feedback

2. Risk Assessment

- Two-Tiered Model:
 - Quantitative Analysis: Financial exposure and loss estimation
 - Qualitative Analysis: Likelihood, reputational impact, regulatory implications
- Risks categorized as:
 - Low
 - Medium
 - High

3. Risk Mitigation

- Development of mitigation strategies and internal controls
- Mandatory Management Action Plans (MAPs) for Medium & High risks
- Assignment of accountability to risk owners

4. Risk Monitoring & Reporting

- Continuous monitoring of key risks
- Periodic reporting to senior management and Audit Committee

5. Review & Continuous Improvement

- Learning from past incidents
- Updating controls and frameworks based on evolving risks

VII. GOVERNANCE STRUCTURE AND ACCOUNTABILITY

1. Board of Directors

- Ultimate authority for risk oversight
- Defines the Company's Risk Appetite
- Approves and periodically reviews the Policy

2. Audit Committee

- Primary oversight body in absence of Risk Management Committee
- Reviews:
 - Risk management systems
 - Internal financial controls
- Reports key findings to the Board

3. Risk Management Task Force (Management Level)

Comprising:

- Managing Director
- Chief Financial Officer
- Compliance Officer

Responsibilities:

- Identify emerging risks
- Implement mitigation strategies
- Maintain Risk Register

4. Senior Management

- Integrates risk management into business processes
- Ensures execution of mitigation strategies

5. Functional Heads / Risk Owners

- Responsible for risks within their domains
- Ensure timely escalation and reporting

VIII. RISK ASSESSMENT & RATING MATRIX

- Risks shall be evaluated based on:
 - Likelihood (Probability of occurrence)
 - Impact (Financial, operational, reputational)
- Risk ratings:
 - Low: Routine monitoring
 - Medium: Active management required
 - High: Immediate escalation and Board-level visibility

IX. MONITORING, REPORTING AND DISCLOSURES

1. Quarterly Review

- Audit Committee to review Risk Register quarterly

2. Annual Reporting

- Disclosure in Board's Report as per Companies Act

3. Stakeholder Transparency

- Policy to be hosted on Company website
- Referenced in Corporate Governance Report

X. COMPLIANCE AND REVIEW

- This Policy shall be reviewed:
 - Annually by the Board
 - Earlier, if required due to regulatory changes
- Upon crossing thresholds under SEBI (LODR):
 - A formal Risk Management Committee shall be constituted
 - Policy will be aligned with Regulation 21 requirements.

XI. EFFECTIVE IMPLEMENTATION

The success of this Policy depends on:

- Strong governance oversight
- Organization-wide participation
- Continuous monitoring and improvement

The Company commits to embedding risk management as a core strategic function rather than a compliance formality.