



**HMT FINANCE PRIVATE LIMITED**  
**RISK MANAGEMENT POLICY**

**1. RISK MANAGEMENT**

HMT Finance Private Limited (“the Company”) is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and classified as a Base Layer, Non-Deposit Taking, Non-Systemically Important NBFC under the Scale Based Regulatory (SBR) Framework.

This Risk Management Policy (“Policy”) has been formulated to establish a structured approach for identifying, measuring, monitoring, and mitigating various risks inherent in the Company’s operations.

Effective risk management allows us to:

- Have increased confidence in achieving our goals
- Manage risks at tolerable levels
- Make informed decisions
- Strengthen corporate governance procedures

**2. OBJECTIVE**

The risk management objectives are to;

- Integrate risk management as a core component of all business processes and decision-making;
- Establish a comprehensive and effective framework for risk identification, assessment, evaluation, and mitigation across all functions and levels of the Company;
- Minimise exposure to material financial, operational, regulatory, and reputational risks;
- Support the achievement of the Company’s strategic and operational objectives; and
- Evaluate the costs and benefits of available risk mitigation measures and internal controls to ensure efficient risk management.

**3. POLICY STATEMENT**

- Risk management is the responsibility of all employees, who are required to identify and manage risks, to the extent reasonably practicable, within their respective areas of responsibility.
- Sound risk management principles and practices will become an integral part of the normal management strategy for all departments within the Company.

FOR HMT FINANCE PRIVATE LIMITED

Director

- Implementation of risk management strategy is a priority and will be accomplished through embedding a risk management ethos in all aspects of the Company's activity.
- Accountability for managing risk must be clear and reflected in all individual job descriptions, with relevant key performance indicators.
- Risk management shall be integrated into the Company's strategic planning, operational processes, budgeting, funding decisions, and reporting mechanisms.
- The Company shall ensure that adequate resources, systems, and competencies are made available to personnel responsible for managing and monitoring risks.
- This policy will be reviewed and updated as required on an annual basis or in the event of a significant change of circumstances.

#### 4. COMPOSITION, ROLES AND RESPONSIBILITIES

##### COMPOSITION OF RISK MANAGEMENT COMMITTEE (RMC)

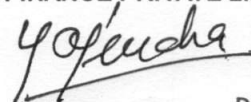
| <u>Name</u>               | <u>Role in RMC</u> |
|---------------------------|--------------------|
| Mr. Gajendra Kumar Sharma | Chairperson        |
| Mr. Mukesh Ray            | Nodal Officer      |
| Mrs. Pallavi Sharma       | Risk Officer       |
| Mr. Murli Dhar Samariya   | Member             |
| Mr. Vijay Singh Shekhawat | Member             |

The Risk Management Committee ("RMC") shall be responsible and accountable for ensuring that risks are identified, assessed, monitored, and managed across all activities and operations of the Company.

The Chairperson together with its members are responsible for formulating and overseeing a comprehensive risk management framework for the Company. This includes setting the overall approach to risk management and ensuring its consistent application throughout the organisation.

Managers at all levels shall foster a culture in which risk management is recognised and accepted as a shared responsibility of all employees, contractors, and other personnel engaged by the Company.

For HMT FINANCE PRIVATE LIMITED



Director

The RMC shall provide guidance, advisory support, and assistance to all departments on matters relating to risk management. To ensure that the Board of Directors remains adequately informed of the Company's risk profile, all departments shall periodically report to the RMC on identified risks and the status of mitigation measures.

Reports are to be submitted to the Board for on timely basis about details of all identified significant risks that can be addressed and how to deal with it.

The report will be reviewed by the Committee in terms of endorsing the actions undertaken or proposed, and by the Board in terms of the appropriateness of actions and compliance with the Risk Management Policy.

As part of their compliance activities, all relevant departments will also be required to maintain a risk register that provides details of all identified risks together with their assessment of likelihood and consequence, who owns them and what can be done to manage them in compliance with the Risk Management Policy.

## **5. EDUCATION AND TRAINING**

The Risk Officer shall be responsible for conducting risk management awareness and training programmes across the Company. Such programmes shall cover the Board of Directors, senior management, and all employees, with the objective of strengthening risk awareness and ensuring effective implementation of this Risk Management Policy.

## **6. RISK MANAGEMENT FRAMEWORK**

Risk management shall be integrated across the lending cycle and cover the following key risk categories:

### **(a) Credit Risk**

- Assessed through credit scoring and due diligence
- Monitored through delinquency reports, NPAs, and PAR metrics
- Managed via provisioning and portfolio diversification

### **(b) Operational Risk**

- Arising from system failures, process gaps, or human errors
- Mitigated through strong internal controls and audits

For HMT FINANCE PRIVATE LIMITED



Director

**(c) Liquidity Risk**

- Managed via Asset Liability Management (ALM) Policy
- Ensures funding adequacy for loan disbursement and obligations

**(d) Concentration Risk**

- Monitored across borrower, geography, sector, and product
- No single borrower exposure to exceed **15% of owned funds**

**(e) Reputational & Compliance Risk**

- Managed through adherence to Fair Practices Code and regulatory compliance framework

**7. RISK RATING SYSTEM**

The Company shall maintain an internal credit risk grading system for assigning risk scores to each borrower. The grading framework shall, inter alia, consider the borrower's financial strength and cash flow adequacy, quality of collateral, business vintage and stability, repayment track record, and industry-specific and external risk factors.

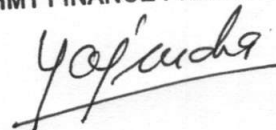
**8. POLICY REVIEW**

This Policy shall be reviewed periodically on half yearly basis or earlier if required due to changes in RBI regulations or business requirements. Any amendment shall require Board approval.

**9. EFFECTIVE DATE**

This Risk Management Policy was approved by the Board of Directors of HMT Finance Private Limited at its meeting held on 17<sup>th</sup> October 2022.

For HMT FINANCE PRIVATE LIMITED



Director