Ikeda Limited

Risk Management Charter & Policy

Contents

Introduction

Purpose

The purpose of the risk management policy is to provide guidance regarding the management of risk to support the achievement of corporate objectives and comply with applicable regulations. The policy enables a pro-active approach in identifying, evaluating, reporting and managing risks associated with the business. In order to achieve the key business objectives, the policy establishes a structured and disciplined approach to Risk Management in order to manage risk related issues.

The specific objectives of the Risk Management Policy are:

- To enable visibility and oversight of the Board on risk management system and materialrisk exposures of the company.
- To ensure all risks across the organization are identified and evaluated through standardized process and consolidated across the organization to identify the key risksthat matter to the organization to enable risk prioritization.
- To ensure mitigation plans for key risk are agreed upon, assigned to risk owners and reviewed on a periodic basis
- To ensure that risk management activities are reported to internal & external stakeholders appropriately.
- To ensure that risk governance structure is aligned with organizational structure and risk profile of the company with well-defined and delineated roles, responsibility and delegation of authority.
- To enable transparency of risk management activities with respect to internal and external stakeholders.
- To enable compliance to appropriate regulations, wherever applicable, through theadoption of leading practices.

Scope

This policy forms part of the Ikeda Limited governance framework. Scope of the policy shall cover:

- All businesses carried on by the Company.
- All functions and locations of the Company
- All events, both external and internal which shall have significant impact on the business objectives of the organization

Context

Ikeda Limited (hereinafter referred as **'Company'**) has traditionally been into software consultancy services, IT Services and Consultancy – Software/ Hardware Development, Repair, Maintenance, Date Feeding, etc.

Risk management: Making sure the Company meets its business and statutory requirements

Multiplicity and interconnectivity of risks has given rise to a persistent and disruptive volatilityin business operations. Given the integrated nature of operations in a globalized era, risks faced by organizations are intertwined, regardless of their location or source.

Uncertainties arising from recent developments, especially events like the COVID-19 pandemic, have aggravated the level of risk exposure to organizations. Governments andregulatory bodies across the world have responded to this challenge by reinforcing risk management as a critical paradigm of corporate governance.

The foundation of the risk management process for listed companies in India was laid downby SEBI (LODR) Regulations, 2015 which assigned responsibilities related to this on the Company and the Board. Some of these are detailed below:

a. **The Companies Act, 2013:** Provisions of the Section 134(3) requires a report by its Board of Directors 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 to be attached to financial statements laid before a company in general meeting. Further, it enhances role ofaudit committee to include evaluation of internal financial controls and risk management systems.

b. **Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:** Pursuant to Regulations 21 read with Schedule V (Para C, 5A) of SEBI (LODR) Regulations, 2015, the regulator has laid down additional requirements and emphasized the needof holistic risk management to improve corporate governance standards of listed companies in India. Schedule V (Para C, 5A) requires listed companies to disclose the following about risk management committee (RMC) in the annual report:

   - Brief description of terms of reference
   - Composition, name of members and chairperson
   - Meetings and attendance during the year

As part of the robust governance framework, the Company established and rolled out the risk management policy. In view of the recent amendment in SEBI LODR, the existing risk management policy is being revised to further strengthen its focus on risks management in the organization. *However, such requirement is not applicable to the listed entity which has listed its securities on the SME portal of the exchange pursuant to Regulation 15(2)(b) of SEBI (LODR) Regulations, 2015.*

Ikeda's Risk Management Policy

The Company aims to develop appropriate organization capabilities in risk management so as to ensure a consistent, efficient, and effective assessment of risks in the achievement of the company objectives. The Company views risk management as integral to its objective of successful execution of its strategies. Risk management requires the consideration of the risk and reward relationship in the management of all activities.

This manual has been developed to provide guidance on how we can implement a risk management process for our business. Risk management is not a new and separate task that needs to be performed. Risk is part of each business process and activity, but we now need to formally manage our risks using a consistent approach across all aspects of our business.

The critical elements of the risk management policy are as follows:

- **Risk Management Framework**
  - Risk Management Structure
  - Risk Management Process.
  - Risk Reporting.
- **Enterprise Risk Register**
- **Business Continuity Plan (BCP)**

Revision

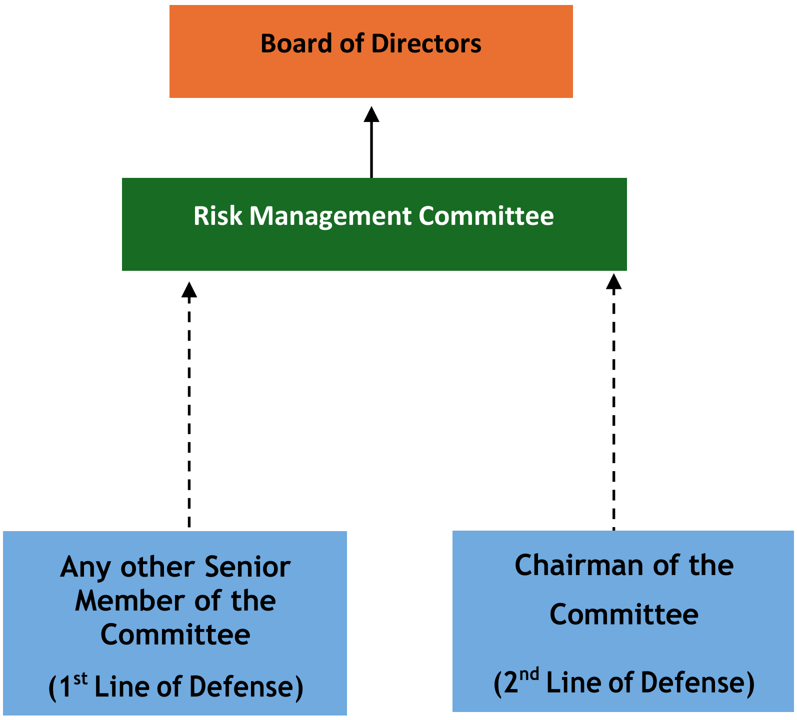
This Policy shall be reviewed at least once every 2 years or at a frequency defined by the applicable regulations. The Risk Management Committee is to assess the need for any revision or update.

2. Risk Governance

2.1 Risk Management Structure

Development of a formal risk management structure helps ensure that the person responsible understand their responsibilities and are accountable with regard to risk management.

The Risk Management Structure adopted by the Company is as follows:



2.2 Roles and Responsibilities

Board of Directors: The Board is entrusted with the key role of ensuring effective risk management and aligning the strategic objectives within the constraints of the organization'skey risks to achieve intended outcomes.

Key roles and responsibilities:

- Review and approve risk management framework on the recommendation of theRMC.

Risk Management Committee (RMC): The composition and quorum of the RMC shall be governed by the applicable regulation. In accordance with Regulation 21 of the SEBI (LODR) Regulations, 2015, the Company has constituted a 4 member committee with an independent director. The RMC'sresponsibilities include:

Their responsibilities include:

- Formulate and approve detailed Risk Management Policy which would include:
    - Measures for risk mitigation, including systems/processes for internal control of identified risks.
    - A Business Continuity Plan.
    - A framework for identification of internal and external risks faced by listed entities, including financial, operational, sectoral, sustainability (particularly Environment Sustainability and Governance -ESG -related risks), information, cybersecurity risks and any other risk determined by the RMC.
- Ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with business of the company.
- Monitor & oversee implementation of the risk management policy, including evaluation of the adequacy of risk management systems.
- Keep the board of directors informed about nature & content of RMC discussions & recommendations, as well as the actions to be taken.
- Periodically review the risk management policy (at least once in 2 years) and recommend the same to the BOD for approval.
- The RMC has powers to seek information from any employee, obtain outside legal or other professional advice, and secure attendance of outsiders with relevant expertise, if required.

Note: The Risk Management Committee shall coordinate its activities with other committees,in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

Chief Risk Officer (CRO):

The Chairman of the RMC shall perform the duty of Chief Risk Officer (CRO) in establishing and implementing the risk management process effectively in their areas of responsibility. The Chairman shall provide inputs and insights in the establishment, monitoring and structuring risk management process and further monitor its compliance in accordance with relevant provisions of the policy.

Key responsibilities include:

Ensure updation of risk management policy pursuant to the organization's risk management purpose.

- Validate that the risk management policy is implemented in each department and that all significant risks are being recognized, acknowledged, and effectively managed.
- Act as convener in Risk Management Committee meetings and invite additional members to join the RMC meetings, as and when the requirement for more departments' representation arises.
- Discuss with risk owners and finalize the ownership of risk registers, thereby entrusting a person with the responsibility of completion of the risk register andcoordinate for periodic update.
- Coordinate with Risk Owners for periodic update of risk registers.
- Advice the Risk Owner in discharging their responsibilities with respect to identifying and prioritizing risks, creating mitigation plans, and development of key risk indicators (KRI) on a regular basis.
- Assess ratings of identified enterprise risks and prioritize them for its presentation tothe RMC.
- Assess, evaluate, challenge and advise the risk owners/ mitigation plan owners on the key risks anticipated and associated mitigation measures for the organization.
- Ensure that effective risk mitigation plans are in place and the results are evaluatedand acted upon.
- Update the RMC with updates in risk policy, new risks identified, focus risks,mitigation plans.
- Create a framework for holistic enterprise view to risk management process andensure inter department dependencies are addressed.

Risk Owner(s): Risk Owners shall be the Heads of respective functions or personnel nominated by functional heads and approved by the RMC from time-to-time basis dependingon the organizational structure and business imperatives so as to ensure that all critical and significant enterprise risks are captured while identifying, assessing and managing risks. He /she will be responsible for identification of risks emerging from these decisions, ensuring discussions on these risks and measures for mitigation of these risks in this meeting.
Their responsibilities include:

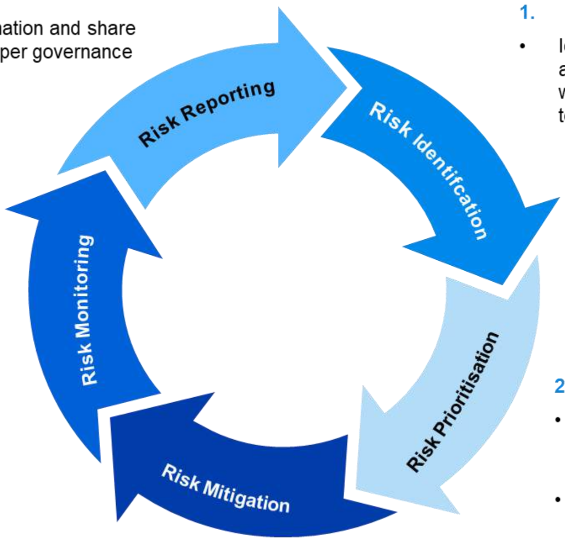
- Ensure that risks for their respective functions / departments are identified.
- Ensuring that the risk assessment is done as per the risk assessment framework
- Ensure risk mitigating plans are mapped against identified risks
- Participate and contribute in periodic RMC meetings
- Facilitate implementation of risk mitigation plans approved and other inputs provided by the RMC.

3. Risk Management Framework

The Risk Management process of the Company consists of systematic steps of identifying, assessing and mitigating risks. The Risk Management process is intended to improve management of risks by:

- Introducing specific methodology and practices, particularly a regular and systematic risk analysis,
- The use of a common language and criteria, and
- The systematic implementation of action plans where risks are considered to be too high.

The risk management process can be represented in a systematic 5-step process:



5. **Risk Reporting**
   - Aggregate risk information and share with stakeholders as per governance structure

1. **Risk Identification**
   - Identification of potential events or actions, the occurrence of which will affect an organisation's ability to achieve its business objectives

4. **Risk Monitoring**
   - Risks are recorded in risk register which acts as a repository
   - Ensure all categories of organisational risks are captured

2. **Risk Prioritisation**
   - Assess impact of risks to determine potential severity and probability of occurrence
   - Measures the relative importance of each risk
   - Enables decision making and allocation of resources in line with organisational priorities

3. **Risk Mitigation**
   - Determine actions to mitigate risks
   - Assign accountabilities
   - Determine monitoring activities and metrics
   - Define KRIs (Key risk indicators) and appetite threshold

3.1 Identify Risks

Risk identification is a continuous process. Risk identification is a process by which management and staff identify risks, from the strategic level to day-to-day operational level.

It involves determining risks that could potentially prevent the organization from achieving its objectives. It includes documenting and communicating the concern. External and internal risk factors that could potentially affect performance vis-à-vis the stated objectives are identified through various forums such as:

- Workshops, / Interviews / Surveys,
- Desktop research,
- Business review meetings, etc.

The Company conducts periodic workshops with all functional heads to identify any emerging internal or external risks applicable to the Company. In line with SEBI (LODR) Regulations, 2015, the Company shall classify all applicable enterprise risks for the Company in below stated broad categories:

Risk Classification	Risk drivers	Indicative Risk Factors
Sectoral Risks	Key sectoral risks applicable to all entities in the sector	Uncertain recovery of the economy
		Fluctuation in raw material price
		Shift of Consumer/ customer preference
		Stakeholder relationship management (Govt., Industry, Public)
		Reputation Risk – Possible lawsuits
Operational Risks	Inadequate or failed processes or people capabilities	Supply chain disruptions
		Competition Intensity
		Customer satisfaction
		Talent retention including leadership
Financial Risks	Related to Financing / financial transactions	Credit risk
		Liquidity risk
		Forex fluctuations
		Investment risk
		Equity risk
Information	Possible information / data leakage, misuse or loss	Information security
		Data leakage
Cyber security	Cyber threats / frauds	Phishing attacks
		Cyber threats
		Technology breakdowns
Sustainability (ESG)	Related to environment, social and governance	Climate change
		Labor welfare
		Succession planning
		Regulatory Compliance
Others	Risks not covered above, and any other risks determined by the RMC	

Since risk identification is a continuous process, management is encouraged to identify and report significant risks that may exist or are likely to occur.

3.2 Prioritize Risks

Once risks have been identified, risks should be evaluated to determine which are of an unacceptable nature and which should be targeted for mitigation. To do this, risks must be prioritized by evaluating the potential impact on business objectives if a risk were to materialize, together with the likelihood of occurrence.

Risks should be assessed by evaluating the uncertainty of events or conditions in terms of:

- Potential **impact** if it does occur;
- **Likelihood** of a risk occurring

The parameters for impact and likelihood laid down by the Company for the purpose of risk assessment are as follows:

Impact Guidelines: financial impact / implications which the Company may suffer in case of occurrence of an adverse event:

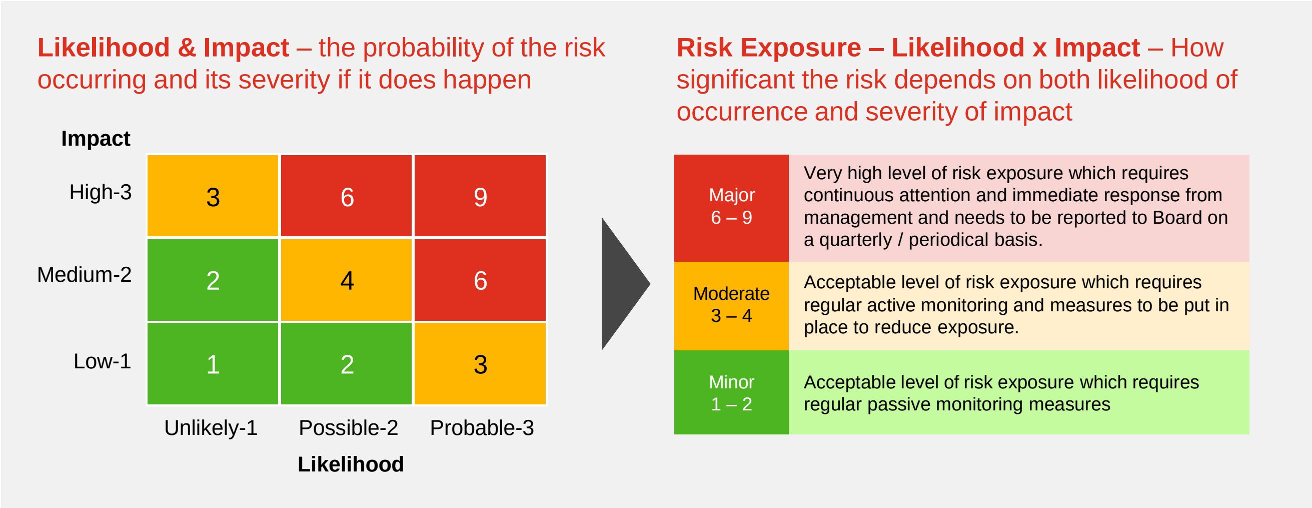
Assessment	High	Medium	Low
Financial Impact	• > 10% of budgeted EBITDA	• 5 - 10% of budgeted EBITDA	• < 5 % of budgeted EBITDA
Impact on Companies reputation	• Question on Companies integrity and governance practices or • Non-compliance resulting in significant penalties or imprisonment of key personnel	• Event features in the national media • Non-compliance resulting in moderate penalties or warnings / showcase notice	• The knowledge of the event is limited to the organization • Minor non-compliance detected but waived / condoned
Business Interruption	• > 1 day stoppage of entity-wide operations	• Few hours stoppage of operations or • Impact limited to few locations / sites	• Impact limited to single location / site
Human Resources	• > 50% over budgeted attrition or • Loss of key personnel	• 10 to 50% over budgeted attrition or • Increase in employee absenteeism	• Up to 10% over budgeted attrition or • Decrease in employee productivity

Likelihood Guidelines*:* the probability that an adverse event which may occur causing materialization of a risk

Assessment	High	Medium	Low
Probability of Occurrence	Potential of occurring every year	Potential of occurring within 2 years	Unlikely to occur in next 2 years
	Has occurred in last year	Has occurred in the last 2 years. …9…	Occurs very rarely

Risk Exposure (using the rating scale)

Risk exposure determines what risks are reported at the Senior Management level includingRisk Management committee. For the Company, 3X3 rating scale is suggested to capture management's assessment of the potential Likelihood and Impact of a risk.



3.3 Mitigate Risks

Management should identify risk response options and consider their effect on likelihood and impact, with the intent of bringing the risk exposure within acceptable limits. In many cases, management may also need to consider cost-benefit analysis before designing the risk responses.

Scientifically, each risk response could be categorized into 4Ts – Termination, Treatment, Transfer or Take – also called the **4T's risk strategies.**

Risk response categories can be summarized as follows:

Category	Risk Responses
Termination/ Avoid	• Actions to exit the activity that causes the risk. For example, risks classified with High Impact as well as High Likelihood could be handled in this manner.
Take/ Accept	• Take no action to affect likelihood and impact; accept and live with the risk exposure. For example, risks classified with Low Impact and Low Likelihood could be handled in this manner.
Treat/ Reduce	• Actions to reduce the risk exposure by reducing the likelihood, impact, or both
Transfer/ Share	• Actions to reduce the likelihood or impact by transfer the full or portion of the risk

Examples of the 4Ts are:

1. Terminate/Avoid	2. Take/Accept	3. Treat/Mitigate	4. Transfer/Share
• Discontinuation of a business unit/ an edition • Reduce scale • Pull out of market • Change or recalibrate objective • Redesign (e.g. `business processes, tools, systems)	• Intentionally pursue • Fully accept • Set reward/ loss targets and tolerance levels • Establish and monitor key indicators	• Proactive actions reduce the likelihood of an adverse outcome/impact • Strategies, processes and systems • People, skills and structure • Centralisation; Automation	• Outsourcing • Insurance • Share(joint ventures, alliances and partnerships) • Hedging

3.4 Monitoring Risks

Monitoring is a process that assesses both the presence and functioning of Risk Management Process. As the risk exposure of the company may undergo change from time to time due to continuously changing environment, the risks with their mitigation measures shall be updated on a regular basis.

Monitoring activities provides a basis for learning, corrective action, andimprovements. Few examples of monitoring activities are:

- Surveys / benchmarking
- Incident investigation and reporting

Key aspects in monitoring are:

- Awareness and understanding of the process within the Company;
- Assessment of the quality and appropriateness of risk responses and control activities
- Implementation of mitigation plans'

Monitoring is performed at multiple levels to ensure that risk management continues to beapplied within the Company.

Risk Owners: Risk Owners shall be first person responsible for monitoring risks related to their function or span or specially assigned to them. Risk owners shall review and report the status of risks and mitigation plan actions to the RMC on periodic basis.

3.5 Reporting Risks

The Company shall internally review its risk profile periodically, which will be presented to theRisk Management Committee on a continuous basis but not exceeding the time gap of between two consecutive meetings as may be permitted by the Securities and the ExchangeBoard of India or the Ministry of Corporate Affairs or any other Regulatory Authority from timeto time. The objective of the periodic review will be to assess the movement in existing risks and identification of any new/ emerging risks.

Under this process, the following steps shall be performed:

- CRO shall present the updated risk register to the RMC wherein the identified risks shall be deliberated upon. RMC shall take stock of the previously included risks andprovide necessary guidance on the mitigation of any new risks.
- Based on the results of the RMC meeting, CRO shall update the risk register andprepare the risk profile.
- The updated risk profile shall be presented to the Risk Management Committee fortheir review and input.

4. Embedding Risk Management

Successfully embedding the Risk Management process into our governance and working practices is vital to the overall effectiveness of this policy. It requires us to consider actively the ways in which we act, behave and articulate risk so that we ensure that Risk Managementprocess becomes a core element of our culture. Embedding risk leads to a desired risk culture. A strong risk culture that evolves to accommodate the structures, responsibilities and processes described in this document is essential so that the risks identified do not result in financial or reputational loss to the Company.

Successfully embedding the Risk management process requires the right People, Processes, Technology and Culture. The embedding of Risk Management process is formulated in a number of business processes, behaviors, and actions within the Company. Some of the factors involved in embedding risk management are as follows:

- **Clearly documented & easily understandable framework**. The Policy should provide clarity in terms of the following:
    - What has to be done
    - Who has to do it
    - How it has to be done
    - What Frequency
- **Risk management objectives are considered** while setting the Corporate andbusiness strategies of the organization.
- **Assignment of responsibilities** and accountability to relevant stakeholders.
- **Defined Monitoring framework**. A successful Risk Management Process involvesregular monitoring by senior level management.
- **Equip people with right tools**. Automation should be used as much as possible.
- **Impart awareness & training** to employees of the organisation. There are three steps involved in the process:
    - One time training to all concerned employees to better understand the stepsinvolved in the risk management process;
    - Risk management training should be provided to Board of Directors beforeinduction to the Board;
    - Executing annual training programs to all concerned employees onimportance of risk management and risk processes in operation.
- **Communication** of clear, consistent, and appropriate risk and compliance messages.
- **Internal audit** should review the implementation of risk management.

5. Annexures:

Annexure I: Enterprise Risk Register

This section will have the current risk register of the Company along with the mitigating measures. Illustrative templates are as follows:

Risk Register Template

Risk Category	Risk	Risk Description	Risk Impact	Risk Likelihood	Risk Score	Overall Risk Grade (L/M/H)	Risk Owner	Risk Mitigation Plan	Action Plan Target Date	Action Plan Status	Remarks

Risk Mitigation Template

Risk Statement

Risk Indicators	
Mitigating Measures	

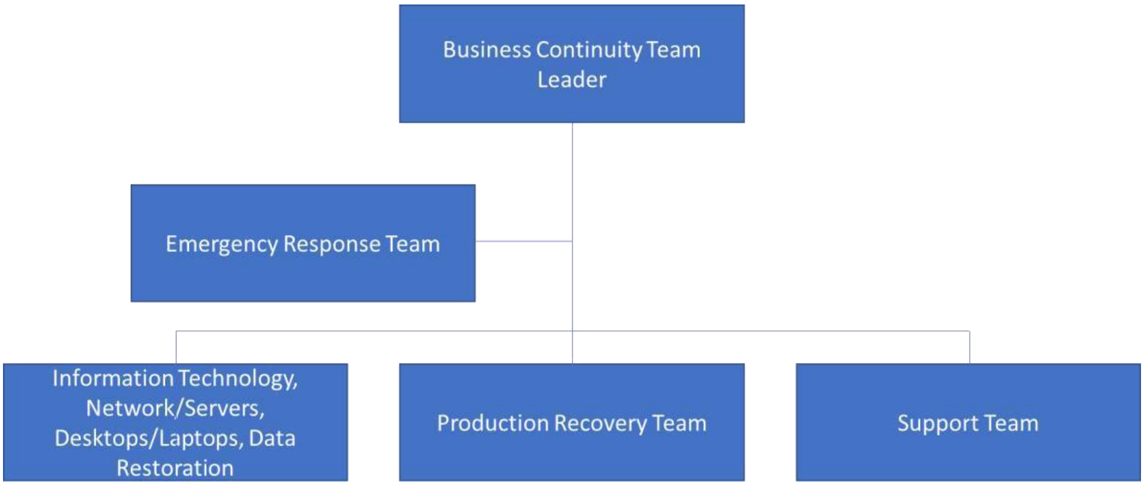
Risk Rating		Risk Category	Risk Owner
Impact	Likelihood		

Annexure II: Business Continuity Plan (BCP)

Business Continuity Plan: We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the Company's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our Company to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

The following will be carried out periodically - data backup and recovery; testing critical systems; financial and operational assessments; alternative communications with customers,employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counterparty impact; regulatory reporting.

The Management to form a business continuity team having an organization as mentioned in the following chart:



Team Name	Name of member	E-Mail	Phone Number	
			Mobile	Landline

Important customers and vendors

Name	Name of contact person and designation	E-Mail	Phone Number	
			Mobile	Landline

Plan Distribution & Access:

The Plan will be distributed to members of the business continuity team and management. A master copy of the document should be maintained by the business continuity team leader. Provide print copies of this plan within the room designated as the emergency operations centre (EOC). Multiple copies should be stored within the EOC to ensure that team members can quickly review roles, responsibilities, tasks, and reference information when the team is activated. An electronic copy of this plan should be stored on a secure and accessible website that would allow team member access if the Company's servers were down. Electronic copies should also be stored on a secure USB flash drive for printing on demand.

Annexure III: Concepts

What is Risk?

Risk(s) is/are any uncertain future event(s) that might prevent the Company from achieving its business objectives. Employees commonly use the word ‘Risk’ but areoften unclear on what they exactly mean by that. Therefore, the starting point for achieving a common approach to managing risk is to have a common understanding of the term ‘Risk’.

Nature of Risk: Risk can be thought of in three distinct senses:

Hazard	• The threat of **BAD** things happening	• Natural disasters like earthquake at manufacturing facilities • Business interruptions due to IT disaster
Uncertainty	• The possibility that actual results **WILL NOT MEASURE UP** to their anticipated expectations.	• Economic growth rates • Irrational competitive behavior • Changing customer wants
Opportunity	• The chance of **GOOD** things not happening. Or the **EXPLOITATION** of identified **OPPORTUNITIES** in the marketplace that will deliver an effective competitive advantage and increase *shareholder* value.	• New and growing geographical areas • New media platforms

6. Disclaimer Clause:

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

7. Applicability:

This Policy, formulated by the Risk Management Committee and duly approved by the Board of Directors on 08th August 2024, shall come into force with effect from the 08th August 2024 and future amendments / modifications shall take effect from the date stated therein.