

**Risk Management Policy**  
**Keynote Financial Services Limited**

*Note: The Name of the Company was changed from “Keynote Corporate Services Limited” to “Keynote Financial Services Limited” w.e.f. 23<sup>rd</sup> April, 2019. Other than name change in this policy, the content of the policy adopted earlier by the Board of Directors of the Company remains the same.*

## KEYNOTE FINANCIAL SERVICES LIMITED

### RISK MANAGEMENT POLICY

At Keynote Financial Services Limited (**KFSL**), we believe that an effective Risk Management process is the key to sustained operations thereby protecting Shareholder value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities. KFSL ensures implementation of effective Enterprise Risk Management by following prescribed Risk Management Framework and Processes.

#### BACKGROUND

KFSL is a SEBI registered Category I Merchant Banker with 'Permanent' registration. The functioning of KFSL primarily falls within the regulatory framework concerning capital market and other related business activities. Thus assessing regulatory risk is of paramount importance besides other commercial and business risks associated with the organization.

Keeping such background in mind, following framework and processes are followed:

- ▶ Utmost care is taken at the time of accepting assignment of any nature. Due diligence about the prospective client, their business, their background is carried out. While all the executives and employees may assume the role of marketing, the process of accepting assignment essentially involves following important steps :
  - Understanding the nature of business and requirement of prospective client by verification of financial & other corporate data.
  - Meeting with the prospective client at the top management level.
  - Visiting the facilities /offices.
  - A "Proposal Evaluation Sheet" is made in a prescribed format for consideration by senior management.
- ▶ The senior management team comprising of Whole Time Directors shall evaluate and understand the requirements of the clients, feasibility of completing the assignment and also finalizing the compensation structure. On the satisfactory understanding of clients and nature of services being provided by the company, standard Engagement Letter in respect of each activity are being executed.
- ▶ There are standard documentation manuals and process structures implemented for the execution team to carry out the transactions. The internal structure regarding execution of documents, signing of certificates and communications with regulatory authorities, clients is followed.

# KEYNOTE

- ▶ The decision making process is streamlined by getting critical inputs at all levels of organization on an ongoing basis enabling the Whole Time Directors to arrive at appropriate decisions in the interest of the organization.
- ▶ Emphasis is made on conducting the execution in the most transparent manner and within the framework of applicable rules/regulations of various regulatory authorities.
- ▶ Communication to such authorities is restricted at the level of Whole Time Directors and senior execution team with the appropriate approvals of Whole Time Directors.
- ▶ Various tools of checks and balances are implemented while carrying out execution. The process of allocating specific resources towards specific clients/activities is practiced to centralize coordination till the stage of billing and receiving the compensation as decided.
- ▶ Internal discussions/meetings at periodic intervals are conducted to understand the status of each assignment as well as to understand various recent developments in respect of capital market transactions involving the company.
- ▶ Appropriate processes for the smooth business continuity and unforeseen exigencies keeping the organization structure in mind are implemented. The continuous evaluation of business risks keeping in mind the environment and obtaining inputs from internal and external sources is undertaken.

The above risk management policy is communicated to all the required stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment.

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