SHADOWFAX TECHNOLOGIES LIMITED

RISK MANAGEMENT POLICY

1. Objective

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, this Risk Management Policy ("**Policy**") establishes a structured and disciplined approach to risk management, including the development of the risk register, in order to guide decisions on risk evaluating & mitigation related issues. The Policy is in compliance with the regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulation**") and provisions of Companies Act, 2013 (**"Act"**), which requires the Company to lay down procedures about risk assessment and risk minimization.

2. Applicability

This policy applies to every part of Shadowfax Technologies Limited ("**Company**") business and functions.

3. Definitions

a) "**Board**" means the board of directors of Shadowfax Technologies Limited.
b) "**Risk Register**" refers to the tool for recording the risks identified under various operations.

4. Risk Management

Principles of Risk Management:

a) The risk management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses.
b) All concerned process owners of the company shall be responsible for identifying and mitigating key risks in their respective domain.
c) The occurrence of risk, progress of mitigation plan and its status will be monitored on periodic basis.

5. Risk Management Procedures

a) General

Risk management process includes four activities: risk identification, risk assessment, risk mitigation and monitoring and reporting.

b) Risk Identification

The purpose of risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives. All risks identified are documented in the form of a Risk Register. Risk Register incorporates risk description, category, classification, mitigation plan, responsible function / department.

c) Risk Assessment

Assessment involves quantification of the impact of risks to determine potential severity and probability of occurrence. Each identified risk is assessed on two factors which determine the risk exposure:

(i) Impact if the event occurs
(ii) Likelihood of event occurrence

Risk categories: It is necessary that risks are assessed after taking into account the existing controls, so as to ascertain the current level of risk. Based on the above assessments, each of the risks can be categorized as low, medium and high.

d) Risk Mitigation

The following framework shall be used for implementation of risk mitigation plan:

(i) Risk avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.
(ii) Risk transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging / insurance.
(iii) Risk reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.
(iv) Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater than the total losses sustained. All risks that are not avoided or transferred are retained by default.

6. Risk Management Committee

The Board have formed a Risk Management Committee ("**Committee**") who shall periodically review the risk management policy of the Company so that the management controls the risk through properly defined network.

The Board may re-constitute the composition of the Committee, as it may deem fit, from time to time.

The majority of members of Committee shall consist of members of the board of directors. The chairperson of the Committee shall be a member of the Board of Directors and senior executives of the listed entity may be members of the Committee.

The day to day oversight and management of the Company's risk management program has been conferred upon the Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems, processes, and provides regular reports to the Board on the effectiveness of the risk management program in identifying and addressing material business risks.

To achieve this, the Committee is responsible for:

a) Managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
b) Setting up internal processes and systems to control the implementation of action plans;
c) Regularly monitoring and evaluating the performance of management in managing risk;
d) Providing management and employees with the necessary tools and resources to identify and manage risks;

e) Regularly reviewing and updating the current list of material business risks;
f) Regularly reporting to the Board on the status of material business risks; and
g) Ensuring compliance with regulatory requirements and best practices with respect to risk management.

7. Monitoring and reviewing risks

Risk monitoring, reviewing mitigating and reporting are critical components of risk management process. Once risks are identified, it is necessary to prioritize them based on the impact, dependability on other functions, effectiveness of existing controls etc.

Internal audit reviews the risk register once a year and adds any new material risk identified to the existing list. These will be taken up with respective functional head for its mitigation.

Existing process of risk assessment of identified risks and its mitigation plan will be appraised to Board on an annual basis.

8. Amendment

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

9. Communication of this Policy

This Policy shall be posted on the website of the Company. Further, the Policy and the manner in which it is being implemented must be disclosed in the Board's report.