



**ANGEL ONE LIMITED
(FORMERLY KNOWN AS ANGEL BROKING LIMITED)**

RISK MANAGEMENT POLICY

(Pursuant to Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

(Pursuant to SEBI circular ref no SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/24 dated February 06, 2023)

Particulars	Date	Version
<i>Policy adopted</i>	<i>July 11, 2018</i>	<i>1.0</i>
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INDEX

Sr. No.	Particulars
1	Preamble
2	Objective
3	Definitions
4	Applicable date
5	Constitution of Risk Committee
6	Risk Management Governance Structure
7	Risk Identification
8	Risk Assessment
9	Responsibility, Compliance and Control
10	General
11	Dissemination of Policy
12	Document Management

1. PREAMBLE:

The Securities and Exchange Board of India (“the **SEBI**”) notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) vide notification no. December, 2015 (90 days from the publication in official gazette).

In accordance with:

Section 134(3)(n) of the Companies Act, 2013 (“the Act”) , a company is required to include a statement 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.

Section 177(4) of the Act states: Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include- (vii) Evaluation of internal financial controls and risk management systems and

SCHEDULE IV of the Act [Section 149(8)] - Code for Independent Directors

II. Role and functions: The independent directors shall:

- help in bringing an independent judgment to bear on the Board’s deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

Regulation 17(9), 21 read with Schedule II Part D Para C of the SEBI LODR Regulations, as amended, the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Accordingly, to assess, mitigate and manage risk at “Angel One Limited” (hereinafter referred to as the “Company”), the Company has formed the policy (the “Risk Management Policy”) for the same. The Company believes that risk management is an integral part of good management practice and is an indispensable element in achieving business goals and objectives. It is a continuous process of analyzing and managing the opportunities and threats faced by the Company. The Company’s Risk Management Policy provides the framework to manage the various risks associated with its business activities and seeks to identify risks inherent in business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks. These risk management practices seek to sustain and enhance stakeholders’ value and long-term objectives of the Company. This document shall be under the authority of the Board of Directors of the Company.

The Securities and Exchange Board of India (“the “SEBI”) had issued Circular ref no SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/24 dated February 06, 2023 on Enhanced obligations and responsibilities on Qualified Stock Brokers (QSBs).

This Policy is being amended to cover requirements to meet enhanced obligations as provided under the said Circular.

2. OBJECTIVE:

The objective of the Risk Management Policy of the Company is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. This Risk Management Policy is being applied in order to ensure that effective management of risks is an integral part of every employee’s job and to ensure sustainable business growth with stability and to promote a structured and disciplined approach in reporting, evaluating and resolving the risks associated with the Company’s business.

The specific objectives of the policy inter-alia include the following:

- a) formulation and implementation of a comprehensive integrated risk assessment, governance, and management policy framework ~~Providing a framework~~, that enables all the current and future risk exposure activities in a consistent and controlled manner with adequate systems of risk management and to identify internal and external risks faced by the Company including financial, operational, sectorial, sustainability, information, cyber security risks or any other risk as may be identified;
- b) Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
- c) Contributing towards more efficient use/ allocation of the resources within the organization;
- d) Protecting and enhancing assets and Company’s image;
- e) addressing the root cause of the risks and to prevent recurrence of such risks by Preparing risk mitigation plans by setting up systems and processes for internal control of identified risks;
- f) enable early identification and prevention of risk;
- f) Reducing volatility in various areas of the business by developing and supporting people and knowledge base of the organization;
- g) Optimizing operational efficiency by anticipating and responding to the changing economic, social, political, technological, legal and environmental conditions in the external environment;

h) Assess the likely impact of a probable risk event on various aspects of the functioning of the QSB such as impact on investors, financial loss to the QSB, impact on other stakeholders in the market, reputational loss etc. and lay down measures to minimize the impact of such event;

i) Assign accountability and responsibility of Key Managerial Personnel (KMP) in the organization.

3. DEFINITIONS:

In this Policy, unless the context otherwise requires:

"Audit Committee or Committee" means the audit committee of board of directors of the Company constituted in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder read with the SEBI LODR Regulations.

"Board of Directors" or "Board" in relation to the Company, means the collective Body of Directors of the Company (including a committee of directors of the Company duly authorized by the Board).

"Company" means "Angel One Limited, a company constituted under the provisions of Companies Act, 2013.

"Policy" means this Risk Management Policy as may be amended or supplemented from time to time with reference to SEBI circular ref no SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2023/24 dated February 06, 2023 on Enhanced obligations and responsibilities on Qualified Stock Brokers (QSBs).

"SEBI" means the Securities and Exchange Board of India.

"SEBI Act" means the Securities and Exchange Board of India Act, 1992.

SEBI LODR Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015, as amended.

"SEBI Circular" means SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/24 dated February 06, 2023

"Risk Assessment" means the systematic process of identifying and analysing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

"Risk Management" means the systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

"Risk Management Process" means the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

"Qualified Stock Broker" means the stock brokers who fulfils the identification criteria and qualify to be Qualified Stock Broker (the QSB) in terms of aforementioned SEBI Circular or any other circular issued by SEBI or Exchanges in this regard from time to time.

4. APPLICABLE DATE:

The Risk Management Policy shall come into force on and from such date, on which the Board of Directors approve and adopt the same.

5. CONSTITUTION OF RISK MANAGEMENT COMMITTEE:

Risk Management Committee shall be constituted by the Board, as and when required under the applicable law, consisting of such number of directors (executive or non-executive or independent directors) and such other officials like the Key Managerial Personnel (KMP) of the Company or any other persons as the Board thinks fit.

The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate following activities to them:

- a. to ensure that appropriate methodology, processes and systems are in place to manage and monitor and evaluate 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 the nature and content of its discussions, recommendations and actions to be taken;
- g. review and monitor cyber security; and
- h. ensuring compliance with regulatory requirements and best practices with respect to risk management
- i. to periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- j. the appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

6. RISK MANAGEMENT GOVERNANCE STRUCTURE:

The organization structure and hierarchy of the Risk Management function is as under:

A CXO level officer shall be responsible for managing key risks, i.e., Chief Compliance Officer (responsible for all regulatory compliance related activities), Chief Information Security Officer (responsible for all cyber security related activities), Chief Risk Officer (responsible for overall risk management associated with functioning of the Company).

In the organization, respective functional head is responsible for managing risk arising in his/ her area of operations and the functional department is the primary owner of risks associated with that department.

Each department of the Company is required to formulate and implement Standard Operating Procedures, Guidelines, Templates, Processes, Catalogues, Checklists and Measurement Metrics for their respective functions/department.

The specific roles and responsibilities of various individuals/ bodies in the Risk Management hierarchy are indicated below.

Stakeholder	Key Roles & Responsibilities
Board of Directors	<ul style="list-style-type: none"> ● The Board of Directors has the ultimate responsibility for managing the risk profile of the Organisation ● The Board shall constitute a Risk Management Committee with delegated powers from the Board.
Risk Management Committee	<ul style="list-style-type: none"> ● To review the Risk Management Framework and undertake risk mitigation measures from time to time. ● To approve and recommend the Risk Management Policy which is to be placed in Board Meeting of the Company. ● The Risk Management Committee shall monitor implementation of the Risk Management Policy and keep the Board informed about its implementation and deviation, if any. ● To review the Risk Management Policy on half yearly basis and submit a report in this regard to the Stock Exchange.
Risk Management Department/ Risk Officer	<ul style="list-style-type: none"> ● Create a robust Risk Framework and ensure periodical reviews to keep it relevant with current goals and objectives of the Organization and abreast with the regulatory guidelines as may be issued from time to time. ● Lead and manage the Risk Management function holistically. ● Apprise the Risk Management Committee about all updates made to the Risk Management Framework during the half year including updates based on regulatory changes. ● Report on the risk assessment undertaken on an annual basis to be placed before the Risk Management Committee and observations and ensure remarks of the Committee on the risk assessment to be incorporated in the Minutes of Meeting

Stakeholder	Key Roles & Responsibilities
	<ul style="list-style-type: none"> ● Update Risk Management Committee on the automation undertaken during the half-year. ● Liasoning with regulators and auditors in matters relating to Risk Management by engaging the appropriate Risk Owners responsible for their respective risks. ● Oversee the Governance of Risk types within the operations and ensure that the issues are suitably addressed and escalated as appropriate. ● Develop and manage suitable training programs to enhance the risk culture within the organization. ● Report to MD/CEO/CXO, Risk Committee, Board and Regulators as appropriate, on matters relating to risk, as and when required. ● Foster Risk culture by spearheading Risk Training & Awareness across all levels.
Internal Audit	<ul style="list-style-type: none"> ● Provide independent assurance on the adequacy and effectiveness of the internal controls for key risks. ● Shares insights with senior management on significant issues and findings from the audits conducted to feed into the risk management process.
All Functional Heads	<ul style="list-style-type: none"> ● Risk is owned by the Functional/ operational Units who are responsible for management of risk framework within their Departments. ● Comply with the Risk Management Framework, other policies and procedures within their Department. ● Assign Staff with suitable skills to implement the risk framework within their Department. ● Responsible for risk identification, assessment and mitigation of any residual risk applicable to their area of operation. ● Responsible for reporting and escalation of risk events. ● Promote staff involvement and active engagement in the Risk Management as a key criteria in the performance management and rewards program.

7. RISK IDENTIFICATION:

The identification of risks is the first step in the Risk Management Process. The process refers to identifying, recognizing and describing the risks that could impact the achievement of strategic objectives.

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

Risks may be structured as follows for the purpose of their identification and evaluation:

Name of Risk	
Scope of Risk	Qualitative description of events with size, type, number etc.
Nature of Risk	Strategic, Operational, Financial, Hazard
Quantification of Risk	Significance & Probability
Risk Tolerance/ Appetite	Loss Potential & Financial Impact of Risk
Risk Treatment & Control Mechanism	a) Primary Means b) Level of Confidence c) Monitoring
Potential Action for Improvement	Recommendations to Reduce Risk
Strategy & Policy Development	Identification of Function Responsible to develop Strategy & Policy

Material Risks on which the Company presently focuses can be broadly subdivided into Internal and External Risks and may comprise of the following:

INTERNAL RISKS:

- Technological Risk including technical glitches
- Strategic Business Risk
- Legal and regulatory compliance risks
- Cost risk
- Human resource Risk
- Risks arising from exchange rate fluctuations
- Cyber Security Risks including and cyber-attacks
- Financial Risk
- Operational Risk such as faulty systems and/or unauthorized trading on behalf of the client and misutilization of the clients' information by any employee including risk which arise during KYC and account opening activity. Also surveillance on clients' trading activity.
- Reputation Risk
- Fraud Risk
- Risk due to outsourcing of activities to third party/ies.

EXTERNAL RISKS:

- Illegal use and exploitation of Company's content and/or intellectual property rights
- and inadequate judicial systems and remedies:
- Social, Economic Environment and Market conditions Risks
- Competition risks:
- Government policy and political risks

- Regulatory Risks

The Company is not engaged in production activities and hence, the Commodity Risk is not relevant to the Company and the requirement of disclosure regarding commodity price risk and hedging activities is not applicable to the Company.

8. RISK ASSESSMENT:

Risk Assessment or evaluation means the systematic process of identifying and analysing risks to consider the extent to which the potential event might affect the Company. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

Each identified risk is assessed on two factors which determine the risk exposure:

- A. Impact if the event occurs
- B. Likelihood of event occurrence

Each department of the Company maintains such list of risks that includes risk identification, mitigation measures, the likely impact of a probable risk event and lay down measures to minimize the impact of such event.

9. RESPONSIBILITY, COMPLIANCE AND CONTROL:

Generally, every staff member of the Company is responsible for the effective management of risk including the identification of potential risks. The Head of Departments and other senior management persons in the Company at organizational levels under the guidance of the Board / Audit Committee are responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

The Company shall undertake measures for carrying out surveillance of client behaviour, detection of any unusual activity being done by the client, reporting the same to the exchanges and taking measures to prevent such fraudulent activity in the market.

The Company shall maintain adequate human resources for protection of investor data, train their employees at regular intervals and employ adequate tools to automate the process of risk management, reporting and compliance.

The Company Secretary of the Company being the focal point will get the quarterly compliance reports from functional heads and place it before the Board for its perusal.

10. GENERAL

- Based on the recommendations of the Risk Management Committee, the Board of Directors and the Audit Committee in their meetings shall at least once on a half yearly basis review the risk management framework and effectively address the emerging challenges in a dynamic business environment and ensure that it meets the requirements of the applicable laws and the needs of the Company.

- Based on the recommendations of the Risk Management Committee, the Audit Committee and Board of Directors shall have the power to modify, amend or replace this Policy in part or full as may be thought fit from time to time in their absolute discretion as far as it is not in contravention of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any circular(s) issued by the SEBI from time to time.
- In case of any inconsistency between any of the provisions of the SEBI LODR Regulations/Act/SEBI Circulars and this Policy or in case of any omission of any of the provisions of the SEBI LODR Regulations/Act/SEBI Circulars in this Policy, the provisions of the SEBI LODR Regulations/ Act/SEBI Circulars as amended/published, shall prevail or be applicable, as the case may be.
- Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI LODR or any other applicable law or regulation to the extent applicable to the Company.

The risks outlined above are not exhaustive and are for information purposes only.

11. DISSEMINATION OF POLICY:

The Risk Management Policy shall be disclosed in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at <https://www.angelone.in/investor-relations/codes-and-policies>.

This Policy may be amended by the Board from time to time to be in line with any amendments made to the Act and SEBI LODR Regulations and such other guidelines issued by SEBI.

12. DOCUMENT MANAGEMENT:

This Framework including the Policy Document and the Risk Management Process shall be reviewed by the Risk Management Committee and recommended for final approval of the Board.

Any changes herein shall also be approved by the Board. However, in the event of any emerging need for urgent amendment/ modification in this framework, the same may be approved by the MD & CEO/CXO and ratified in the subsequent meeting of the Risk Management Committee/ Board.