



**DREAMFOLKS SERVICES LIMITED**

**POLICY ON RISK MANAGEMENT**

## PREAMBLE

The Policy on Risk Management ("Policy") is framed by Dreamfolks Services Limited in compliance of Regulation 17(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and Sections 134(3)(n), 177(4)(vii) read with Schedule IV [Part II-(4)] of the Companies Act, 2013 as amended from time to time.

## OBJECTIVE

The Policy is to create a framework for identifying the potential risks impacting the Company's business and applying the various strategies for its minimization, optimization and maximizing the opportunities.

The main Strategic Objectives of the Policy are as follows:

- Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/threats;
- Contributing towards more efficient use/ allocation of the resources within the organization;
- Protecting and enhancing assets of the Company and Company's image;
- Reducing volatility in various areas of the business;
- Developing and supporting people and knowledge base of the organization; and
- Optimizing operational efficiency.

## DEFINITIONS

- a. **"Act"** means the Companies Act, 2013 as may be amended from time to time.
- b. **"Board of Directors"** or **"Board"** means the Board of Directors of Dreamfolks Services Limited, as constituted from time to time.
- c. **"Policy"** shall mean the Policy on Risk Management, as amended from time to time.
- d. Any other term not defined herein shall have the same meaning as defined in the SEBI LODR Regulations or any other applicable law or regulation, amended from time to time.

## RISK IDENTIFICATION

The Company will identify risks which it is subject to and are material in nature:

Examples of some of the identified risks are:

- a. Operational risks;
- b. Customer concentration risks;
- c. Macro-economic risks including business cycles;
- d. Non-compliance to statutory obligations;
- e. Employee related risks (including IR, Skill, Talent availability /attrition, legal compliance);
- f. Information Technology risks, managing Cyber Security, handling Digital Personal Data and devising an able Disaster Recovery Plan;
- g. Original Equipment Manufacturer Product / Platform risks;
- h. Foreign Exchange risks;
- i. Environment, Health & Safety risks;
- j. Strategic risks;
- k. Intellectual Property Risks;
- l. Stakeholders Relationship Risks (Regulatory authorities, Industry, Public etc)

## **RISK ASSESSMENT**

The Risk Assessment is a systematic process of identifying and analysing the potential risks and determining appropriate ways to eliminate the same. This also includes in-depth research of threat, insecurity and resultant to various Risk.

Risk Identification is obligatory on all vertical and functional heads who are required to report the material risks to the Executive Director/Chairman along with their considered views and recommendations for risk mitigation, basis with the inputs from their team members.

Decisions should be taken on account of the wider context of the associated risk and shall also include consideration of the tolerance of the risks borne by parties, other than the organization, that benefit from the risk.

Decisions should be made in accordance with legal, regulatory and other requirements.

### **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

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

The Company's Risk Management and Internal Control System have key role in the management of Risk that are significant to the fulfilment of its business goals and to safeguarding the shareholders' investment and the Company's assets.

The Company has established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measurement of probable impact of such risks, formulation of risk mitigation strategy and implementation of the same takes place in a structured manner.

Though, the various risks associated with the business cannot be eliminated completely, all efforts are made to minimize the impact of such risks on the operations of the Company.

Necessary internal control systems are also put in place by the Company on various activities across the organization to ensure that business operations are directed towards attaining the stated organizational objectives with optimum utilization of the resources. Apart from these internal control procedures, a well-defined and established system of internal audit is in operation to independently review and strengthen these control measures, which is carried out by a reputed firm of Chartered Accountants. The Audit Committee of the Company regularly reviews the reports of the internal auditors and recommends actions for further improvement of internal controls.

### **ROLE OF THE BOARD OF DIRECTORS**

The Board, through the Risk Management Committee shall oversee the establishment and implementation of an adequate system of risk management across the Company. The Board shall comprehensively review the effectiveness of the Company's risk management system on an annual basis. The Board shall also fulfil certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, risk Policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- b. The Board of Directors shall ensure that, while rightly encouraging positive

thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the Company to excessive risk.

- c. The Board of Directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the Company's focus.
- d. Oversight of potential conflicts of interest of management, Members of the Board of Directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- e. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

## RISK MANAGEMENT COMMITTEE

Board through its Risk Management Committee ((hereinafter referred to as "the Committee") shall provide oversight to the Risk Management Framework of the Company and evaluate the adequacy of the Risk Management System. The Risk Management Committee ("Committee") shall comprise of the such Members, as the Board may determine from time to time. The terms of reference of the Risk Management Committee as decided by the Board from time.

## POLICY REVIEW

The Policy shall be periodically reviewed and brought in conformity with statutory and regulatory requirements, as and when required.

This Policy has been approved at the Meeting of the Board of Directors held on November 24, 2021, revised on September 26, 2023 and further revised on April 30, 2025.

## VERSION HISTORY

Approval	November 24, 2021
1 <sup>st</sup> revision	September 26, 2023
Last revision ( <i>Board</i> )	April 30, 2025

## INTERPRETATION

In any circumstance where the provisions of this Policy differ from any existing or

newly enacted Law, Rule, Regulation or Standard governing the Company, the relevant Law, Rule, Regulation or Standard will take precedence over this Policy until this Policy is changed to conform to the said law, rule, regulation or standard.

#### DISCLOSURE

The Policy, as amended from time to time, is disclosed on Company's website i.e <http://www.dreamfolks.com>.