

Muthoottu Mini Financiers Pvt Ltd (MMFPL) Risk Management Policy

Every organization is subject to different types of risks in its day-to-day operations. Risks can basically viewed as a

Trade off between

“Higher Rewards” that potentially come with **OPPORTUNITY**

and

“Higher Risks” that have to be borne as a consequence **THEREOF**

- Return, risk and capital are linked:
- Whenever we undertake a transaction
 - We expose the company to Risk
 - Hence we require Capital to cover this risk
 - We must ensure an adequate Return on this Capital
 - Otherwise, we ultimately destroy ourselves
- Risk Management is
 - Identification of risk
 - Measurement of risk
 - Prevention or containment of risk

A financial organization like MMFPL is subject to the various risk factors. In order to identify, monitor and contain potential risks, the Board of Directors at their meeting held in April 2011 approved the Risk Management Policy of the company and formation of a Risk Management Committee.

Based on the current corporate structure, we propose to restructure the Risk Management Committee with the following members

Executive Director - Chairman

Chief Operating Officer - Member

Chief Financial Officer - Member

Chief Audit Officer – Member Secretary

The quorum of the committee will be three members with compulsory presence of member secretary. The committee entrusted the job of conducting periodical meetings on the terms of reference mentioned above. Company Secretary is entrusted to submit the summary & recommendations of the meetings of the Risk Management Committee to the Board
