

MONARCH SURVEYORS & ENGINEERING CONSULTANTS LIMITED

(Formerly known as Monarch Surveyors & Engineering Consultants Pvt. Ltd.)

सहसा विदधीत न क्रियामविवेकः परमापदां पदम्

RISK MANAGEMENT POLICY

1. Introduction

Monarch Surveyors and Engineering Consultants Limited ("Monarch" or "the Company") operates in an environment of strategic, operational, financial, legal, reputational, and technological uncertainties. Disciplined risk management is integral to achieving business objectives, safeguarding stakeholder interests, and complying with Section 134(3)(n) of the Companies Act, 2013, Regulation 17 and, where applicable, Regulation 21 (Risk Management Committee) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as well as ISO 31000.

This Policy sets out the Company's framework for systematically identifying, assessing, monitoring, and mitigating risks.

2. Purpose

This Policy articulates Monarch's commitment to a structured, consistent, and enterprise-wide approach to risk management. The objective is to promote risk-informed decision-making that balances value creation with prudent risk-taking.

Risk considerations, including their linkage to performance evaluation and incentive structures, shall inform every significant decision, while ensuring that entrepreneurial initiatives remain within Board-approved limits.

3. Scope

This Policy applies to all departments, projects, subsidiaries, joint ventures, and associate entities, irrespective of geography or function.

Every director, officer, employee, contractor, consultant, supplier, and other third-party service provider acting on behalf of the Company must comply with this Policy. The framework covers strategic, financial, operational, compliance, cybersecurity and data-privacy, environmental, and reputational risks arising from internal activities as well as extended supply chains.

4. Definitions

- **Risk:** The effect of uncertainty on objectives, expressed as a combination of impact and likelihood.
- **Risk Appetite:** The quantum and type of risk the Board is willing to accept, articulated through qualitative statements and quantitative limits.
- **Risk Tolerance:** The permissible variation around the risk appetite before corrective action is required.
- **Emerging Risk:** A newly developing or evolving threat whose full impact is not yet certain.

Monarch employs a **five-point risk rating scale:**

1. Low (Green)
2. Moderate (Yellow)
3. High (Orange)
4. Very High (Red)
5. Extreme (Crimson)

This scale is applied to individual risks as well as aggregated portfolio risk profiles.

Monarch House, CTS No 434/1, B T Kawade Road, Ghorpadi, Pune 411 036, Maharashtra. India.

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5. Policy Statement

Monarch maintains an enterprise-wide risk management framework proportionate to its size, complexity, and risk profile.

The framework is forward-looking and integrated into strategic planning, resource allocation, and performance management. It is designed to anticipate potential events rather than merely react to them.

All risks that could materially affect corporate objectives are escalated to the Board of Directors, which retains ultimate accountability for risk oversight.

6. Governance

6.1 Board of Directors

The Board approves this Policy, the Risk Appetite Statement, and any subsequent modifications. The Board undertakes an **annual deep-dive review of the consolidated risk register**.

6.2 Audit Committee / Risk Management Committee

Where a Risk Management Committee (RMC) is constituted under Regulation 21 of SEBI LODR, it shares oversight responsibility with the Audit Committee. Where no RMC exists, the Audit Committee discharges these responsibilities in full.

Committee charters clearly define detailed role allocations. The Audit Committee/RMC approves the annual risk-assessment timetable and reviews quarterly risk updates.

6.3 Management

Executive responsibility for risk management rests with the Chief Executive Officer.

The Head of Internal Audit & Risk maintains the enterprise risk register. Functional heads own specific risks and corresponding mitigation plans, ensuring alignment with the approved risk appetite.

7. Risk Management Process

7.1 Risk Identification

Risks are identified through:

- horizon scanning and scenario planning;
- external intelligence sources;
- internal workshops;
- project-level risk assessments; and
- analysis of incident trends.

Risks are categorised as Strategic, Financial, Operational, Compliance, Cybersecurity & Data-Privacy, Environmental, and Reputational.

7.2 Risk Assessment

Each identified risk is assessed for impact and likelihood. Inter-dependencies, where one risk amplifies another, are captured using digital risk-dashboard tools.

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7.3 Risk Mitigation

Mitigation strategies include:

- avoidance;
- reduction;
- transfer (insurance, hedging, outsourcing); or
- acceptance.

Each mitigation plan includes an accountable owner, defined timelines, and measurable KPIs. Controls are tested periodically, and residual risks are re-evaluated against tolerance thresholds.

8. Reporting and Monitoring

The Head of Internal Audit & Risk submits a **quarterly consolidated risk register** to the Audit Committee, highlighting:

- changes in risk ratings;
- emerging risks;
- overdue mitigation actions with escalation protocols;
- breaches of risk appetite; and
- material inter-dependencies.

Material risks are escalated to the Board immediately or at the next Board meeting. Board-level deep dives into top risks are conducted at least once every year.

A summary of key risks is included in the Board's Report under Section 134(3)(n) of the Companies Act, 2013.

9. Continuous Improvement

The effectiveness of the risk management framework is evaluated through:

- self-assessments;
- internal audit reviews;
- independent external evaluations; and
- feedback from stakeholders, including suppliers, customers, lenders, and regulators.

Lessons learned from incidents and industry developments are incorporated into revised controls, training programmes, and policy updates. Employees undergo periodic risk-awareness training.

10. Review of the Policy

This Policy shall be reviewed **annually** by the Audit Committee (and the Risk Management Committee, if constituted), or earlier in the event of a significant regulatory change.

Any amendments shall become effective upon approval by the Board of Directors.

11. Effective Date

This Policy is effective from **1 April 2026** and supersedes all previous risk-management statements or procedures.

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