



**RISK MANAGEMENT POLICY**  
**OF**  
**PARAMATRIX TECHNOLOGIES LIMITED**

**Registered Office** E-102, 1<sup>st</sup> Floor, Sanpada Railway Station Complex, Sanpada, Navi  
Mumbai - 400705, Maharashtra, India

## RISK MANAGEMENT POLICY

### **1. PREFACE**

Paramatrix Technologies Limited (the “**Company**”) considers ongoing Risk Management to be a core component of the Management of the Company, and understands that the Company’s ability to identify and address risks is central to achieving its corporate objectives.

The Companies Act, 2013 (“Companies Act”) lays down the following:

- i. As per Section 134 of the Companies Act, the report of the Board of Directors of a listed Company must include a statement indicating the development and implementation of a risk management policy for the Company including the identification of elements of risk, if any, which in the opinion of the board of directors of the Company, may threaten the existence of the Company;
- ii. The audit committee of a listed Company shall act in accordance with the terms of reference specified in writing by the Board of Directors of the Company, which shall, inter-alia, include the evaluation of risk management systems as per Section 177 of the Companies Act;
- iii. Further, the Independent Directors of a Company, should satisfy themselves that systems of risk management are robust and defensible as per Schedule IV of the Companies Act.

The Company’s Risk Management Policy outlines the Procedure implemented by the Company to ensure appropriate Risk Management within its systems and culture.

Head of the Departments (“HOD’s”), the Chief Financial Officer are jointly and severally responsible for implementation of the Risk Management Systems as may be applicable to their respective areas of functioning and reporting to the Board.

The Board of Directors and Senior Management shall be responsible for framing, implementing and monitoring the risk management plan for the Company.

### **2. RISK MANAGEMENT PROCEDURE**

The Company’s Risk Management Procedure comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company’s Board of Director (“Board”) and of Head of the Departments (“HOD’s”) and the Chief Financial Officer, to oversee and manage the Risk Management Procedure, whilst conferring responsibility and authority on the Company’s Senior Management to develop and maintain the Risk Management Procedure in light of the day-to-day needs of the Company.

The key elements of the Company's Risk Management Procedure are set out below:

#### **a. Risk Identification**

In order to identify and assess material business risks (both internal as well as external), the Company will define risks and prepare risk profile in light of its business plans and strategies.

**The Company presently focuses on the following types of material business risks:**

- Operational risk;
- Quality risk;
- Competition risk;
- Cost risk;
- Financial risk;
- Human Resource risks;
- Legal risks and
- Regulatory risks

#### **b. Risk Categorisation**

The identified risks are further grouped in to (a) High; (b) Medium; and (c) Low risks.

- i. High Risk - Represents critical control weaknesses requiring prompt action to mitigate information systems or business process vulnerabilities.
- ii. Medium Risk - Represents moderate control weaknesses requiring near-term management focus to strengthen existing controls.
- iii. Low Risk - Represents minor control weaknesses requiring management focus to enhance existing controls.

#### **c. Administration and Management**

- **Board of Directors:**

The Board is responsible for reviewing and ratifying the Risk Management Structure, processes and guidelines which are developed and maintained by the Senior Management.

The management of the Company's Risk Management Procedure has been conferred upon the Head of the Departments ("HOD's") and the Chief Financial Officer of the Company. They are responsible for ensuring that the Company maintains effective Risk Management and internal control systems and processes, and provides reports to the Board on the effectiveness of the Risk Management Procedure in identifying and addressing material business risks. To achieve this, they are responsible for:

- i. Managing and monitoring the implementation of action plans developed to address material risks;
- ii. Setting up internal processes and systems to control the implementation of action plans;
- iii. Regularly monitoring and evaluating the performance of management in managing risk;
- iv. Providing management and employees with the necessary tools and resources to identify and manage risks;
- v. Regularly reviewing and updating the current list of internal & external business risks;
- vi. Regularly reporting on the status of internal & external business risks; and
- vii. Ensuring compliance with regulatory requirement and best practices with respect to Risk Management.

- **Senior Management:**

The Company's Senior Management is responsible for designing and implementing Risk Management and internal control systems which identify internal & external risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior management must implement the action plans developed to address internal & external business risks across the Company.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of Head of the Departments and the Chief Financial Officer of the Company in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Board regarding the status and effectiveness of the Risk Management Procedure.

- **Employees:**

All employees are responsible for implementing, managing and monitoring action with respect to internal & external business risks, as appropriate.

### **3. REVIEW OF RISK MANAGEMENT PROCEDURE**

The Company shall regularly evaluate the effectiveness of its Risk Management Procedure to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, Head of the Departments, Chief Financial Officer of the Company and Senior Management aims to ensure the specific responsibilities for Risk Management and are clearly communicated and understood.

### **4. RISK MANAGEMENT SYSTEM**

The Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:

- a. **Identifying** - identify a risk (threats or opportunities) and document the risks captured by the Company.
- b. **Assessing** - the primary goal is to document the net effect of all identified threats and opportunities, by assessing:
  - i. Likelihood of threats and opportunities (risks);
  - ii. Impact of each risk;
  - iii. Proximity of threats; and
  - iv. Prioritization based on scales
- c. **Planning** - preparation of management responses to mitigate threats and maximise opportunities.
- d. **Implementation** - Risk responses are actioned.
- e. **Monitoring & reviewing** – To monitor and review the performance of the risk management system and changes to business initiatives.
- f. **Communicate** – To provide regular reports to management team / Audit Committee at agreed times.

## 5. AMENDMENT

Any change in the Policy shall be approved by the Board of Directors of the Company (including its duly constituted committees wherever permissible). The Board of Directors 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 Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

## 6. DISSEMINATION OF THE POLICY

The policy shall be hosted on the website of the Company i.e. [www.paramatrix.com](http://www.paramatrix.com).

### **Note:**

1. This Policy shall come into effect from December 27, 2023.

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