Paras Healthcare Limited

Risk Management Policy[1]

[1] Approved by the Board of Directors in their meeting held on July 22, 2024

RISK MANAGEMENT POLICY

I. OBJECTIVE AND INTRODUCTION

This policy has incorporated with the objective of identification, evaluation, monitoring and minimization of identifiable risks and to institutionalize a formal risk management function and framework in the company.

Regulation 21 read with Schedule II of the Listing Regulations, requires that top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a detailed risk management policy which shall include::

a. framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, Environment, Social and Governance related risks), information, cyber security risks, legal and regulatory risks or any other risk as may be determined by the Committee;

b. Measures for risk mitigation including systems and processes for internal control of identified risks; and

c. Business continuity plan.

II. DEFINITIONS

a) **"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company under provisions of Listing Regulations and under Section 177 of the Act, from time to time.

b) **"Board of Directors" or "Board Members" or "Board"** shall mean Directors on the Board of Directors of the Company.

c) **"Force-Majeure"** means any unforeseeable situation/ circumstances or events, happened due to any act of God including but not limited to fire, explosions, earthquakes, epidemics, pandemics, drought, tidal waves, floods or any war, riot, commotion, strike, lockouts, hostilities, act or threats of terrorism, violence of any army or mob or enemies of the country or any governmental municipal action or notification or order, prohibition or restriction which are beyond the control of the Company and which adversely effects the company to run its business operations, temporarily or otherwise

d) **"Risk"** in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities.

e) **"Risk Management"** encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring.

III. Philosophy and approach to Risk Management

Risk Management is integral to the Company's strategy and to the achievement of the Company's long-term goals. Our success as an organization depends on our ability to identify and leverage the opportunities created by our business and the markets we operate in. In doing this the Company takes a holistic approach to its Risk Management process to ensure the Company limits its risk exposure within its risk appetite.

The Company defines risks as actions or events that have the potential to impact our ability to achieve our objectives. The Company identifies and mitigates downside risks such as loss of money, reputation or talent as well as upside risks such as failure to deliver growth strategy, if it does not strengthen brand equities or access growth markets. The Company's Risk Management approach is embedded in the normal course of business.

IV. RISK MANAGEMENT FRAMEWORK

The Company believes that risk should be managed and monitored on a continuous basis. As a result, the Company has designed a dynamic risk management framework to allow to manage risks effectively and efficiently, enabling both short term and long term strategic and business objectives to be met. The components of the Risk Management framework are:

1. RISK IDENTIFICATION

Risks are uncertain future events which could influence the achievement of the Company's business objectives. The operations of the Company are subject to both external and internal risks that are enumerated below:

a) External Risk Factors

- Economic Environment and Market conditions:
- Political Environment
- Competition
- Technology Obsolescence
- Regulatory
- Cyber Security
- Force- Majeure
- Sectoral
- Sustainability, including Environment, Social, Governance ('ESG')
- Brand value erosion

b) Internal Risk Factors

- **Strategic Risk:** Risks emanating out of the choices we make on markets, resources and delivery model that can potentially impact our long-term competitive advantage.

- **Operational Risk:** Risks inherent to business operations including those relating to client acquisition, service delivery to clients, business support activities, information security, physical security and business activity disruptions.

- **Compliance Risk:** Risks due to inadequate compliance to regulations, contractual obligations and intellectual property violations leading to litigation and loss of reputation.

- **Financial Risk:** Risks relate to adequate liquidity for routine operations and availability of funds for expansions, impact of currency fluctuations, change in credit ratings, etc. It also includes the risks associated with the investments of the Company, financial performance of its subsidiaries, associates and any other affiliates be examined regularly.

- **Information Risk: R**isks with reference to accuracy, integrity and security of organizational data, information and knowledge, protection of information from unauthorized access as well as maintaining confidentiality & integrity of information.

Risk identification is an on-going process and should be performed as part of all major decisions.

2. RISK ASSESSMENT

Once the risks have been identified, the likelihood of the risk occurring and the potential impact, if the risk does occur, are assessed. The likelihood of occurrence of risk is rated based on number of past incidences in the industry, previous observations, government policies, market/competition data, future trends, or research available.

3. RISK RESPONSE

Once risks have been assessed and analyzed, appropriate risk responses can be determined to mitigate risk to an acceptable level at reasonable costs. The risk response options include the following:

- **Mitigation:** Steps taken to reduce the occurrence or impact of the risk or both.
- **Transfer:** Steps taken to shift the loss/liability arising out of a risk to a third party. Wherever needed by taking the insurance cover.
- **Avoidance:** Steps taken to prevent the occurrence of the risk.
- **Acceptance:** The committee members may decide to go forward with the existing risk as it is.

No mitigation plan may be drafted against:

- Unforeseen Risks which may be governed by the external factors such as changes in Environment whether economic or political or regulatory and Force- Majeure.

- Risks where the cost of implementing the mitigation plan is assessed to be higher than the implication of the Risk.

4. RISK CONTROL

The control framework is the responsibility of the Board of Directors and is enforced by the Company's management. There are three main categories of controls:

- **Preventive Controls:** Responses to stop undesirable transactions, events, errors or incidents occurring.

- **Detective Controls:** Responses to promptly reveal undesirable transactions, events, errors or incidents so that appropriate action can be taken.

- **Corrective Controls:** Responses to reduce the consequences or damage arising from crystallization of a significant incident.

In order to be effective, controls should, as far as possible, be incorporated in the existing infrastructure, business, and reporting processes.

V. RISK OVERSIGHT:

Internal Audit:
The Internal Auditor carries out reviews of the various systems of the Company using a risk-based audit methodology. The Internal Auditor is charged with the responsibility for completing the agreed program of independent reviews of the major risk areas and is responsible to the Audit Committee which reviews the Report of the Internal Auditors on a periodic basis.

Statutory Audit:
The Statutory Auditor carries out reviews of the Company's internal control systems to obtain reasonable assurance to state whether an adequate internal financial controls system was maintained and whether such internal financial controls system operated effectively in the Company in all material respects with respect to financial reporting.

Board of Directors:
The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company. The Board shall on recommendation of the Risk Management Committee adopt the Risk Management Policy and critically review the risk governance and monitoring mechanism.
The Board shall meet at least once in a year to review the top risks faced by the Company and the status of their mitigation plan.

Audit Committee:
The Audit Committee shall meet at least once in a year to oversee the risk management and internal control arrangements and shall also evaluate internal financial controls and risk management systems of the Company.

Risk Management Committee:
Risk Management Committee shall assist the Board in framing policy, guiding implementation, monitoring, and reviewing the effectiveness of Risk Management Policy and practices. The Committee shall act as a forum to discuss and manage key strategic and business risks.

Management Certification:
On regular periodic basis, the Board will, on the advice of the Audit Committee, receive the certification provided by the CEO and the CFO, on the effectiveness, in all material respects, of the risk management and internal control system in relation to material business risks.

VI. RISK MANAGEMENT COMMITTEE

The Risk Management Policy/Plan will be implemented through the establishment of the Risk Management Committee ("Committee") accountable to the Audit Committee / Board of Directors.

Composition: The Composition of the Committee shall be as per the requirements of Regulation 21 of the SEBI Regulations and other applicable provisions of Companies Act, 2013.

Meetings: The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.

VII. BUSINESS CONTINUITY PLAN

The Company recognizes the importance of business continuity planning for smooth running of business particularly during unfavorable times, including pandemic. The plan addresses organizational relationships, responsibilities, actions and recovery steps the Company's Executive Team shall take in case of disaster or serious disruption and/or any disaster which renders essential equipment and/or site and records non accessible. A team of executives developing business continuity plan, should focus especially on key action steps, roles and responsibilities, trigger mechanisms, turnaround times etc. to be prepared to tackle any situation that can potentially affect the business operations.

VIII. DISCLOSURE OF POLICY

This policy shall be disclosed on the Company's website and such web link shall also be provided in the Annual Report.

IX. REVIEW, LIMITATION AND AMENDMENT

The Board of Directors shall review this Policy at least once in two years, including by considering the changing industry dynamics and evolving complexity and in accordance with any regulatory amendments.

In the event of any conflict between the Act and Listing Regulations or any other statutory enactments (“Regulations”) and the provisions of this policy, the Regulations shall prevail over this policy.

Any subsequent amendment/modification in the Regulations, in this regard shall automatically apply to this policy.