

***Balaxi Pharmaceuticals Limited***  
**Risk Management Policy**

# Balaxi Pharmaceuticals Limited

## I. PREAMBLE

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 emphasize the requirement of Risk Management Policy for the Company.

Pursuant to the provisions of the Companies Act, 2013, a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company shall be included in the Board's Report.

The Audit Committee is required to evaluate the internal financial controls and risk management systems of the Company and the Independent Directors shall satisfy themselves that the systems of risk management are robust and defensible.

According to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company.

This Policy is framed in compliance with the provisions of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

## II. DEFINITIONS

- a. '**Audit Committee**' shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 177 of the Companies Act, 2013.
- b. **Board** means Board of Directors of the Company.
- c. **Company** means Balaxi Pharmaceuticals Limited.
- d. **Independent Director** means a Director referred to in Section 149(6) of the Companies Act, 2013.
- e. Policy or This Policy or Plan means "**Risk Management Policy**".
- f. '**CFO**' shall mean **Chief Financial Officer** of the Company

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## III. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or any other SEBI Regulation(s) as amended from time to time.

## IV. RISK MANAGEMENT PROCESS

- a. Identification – Recognition / anticipation of the risks that threaten the assets and earnings of the Company.
- b. Evaluation / Assessment – Estimation of the likely probability of a risk occurrence and its likely severity, categorization of risk and rating of risk.
- c. Prevention & Control – Measures to avoid occurrence of risk, limit its severity and reduce its consequences, selecting the risk management technique by category and individual risk.
- d. Financing – Determining the cost of risk likely to be and ensuring that adequate financial resources are available, implementing the selected technique.
- e. Measure and Monitor effectiveness of controls and respond according to the results and improving the program.
- f. Reviewing and reporting on the Risk Management process at appropriate intervals, at least annually.

## V. RISK MANAGEMENT TECHNIQUE

- a. Risk Transfer to another party, who is willing to take risk, by buying an insurance policy or entering into a forward contract;
- b. Risk Reduction, by having good internal controls;
- c. Risk Avoidance, by not entering into risky businesses;
- d. Risk Retention, to either avoid the cost of trying to reduce risk or in anticipation of higher
- e. profits by taking on more risk, strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained and;
- f. Risk Sharing, by retaining to the extent that can be retained and transferring the balance.

- VI. The Board, Senior & Middle Management of the Company shall ensure that they comply with provisions IV & V of this policy in all decision, department functions and while executing any projects relating to official capacity. It shall be the duty of the Middle Management to ensure that the employees below them are duly complying with provisions IV & V of this policy

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## VII. RISKS SPECIFIC TO THE COMPANY AND MITIGATION MEASURES/ RISK CONTROL MATRIX

	Risk Area	Risk Elements	Risk Mitigation Controls
1	Fixed Assets	Assets Purchase	An appropriate person reviews the capital expenditure to ensure all expenditures are properly recorded in the general ledgers in accordance with Company.
2		Asset Register Maintenance	Fixed asset additions / disposals / transfers are incorrectly recorded, not recorded or not recorded in the proper period.
3		Depreciation	An appropriate person, shall calculate the depreciation in consultation with internal Auditor of the Company and shall charge the same against each asset.
4	Financial Statements	Journal entries	Accounts Team shall post the Journal entries in ERP system on a day to day basis. Entries shall be posted to ERP only after getting the authorization from department head on vouchers. The Vouchers shall be attached with all the corresponding supporting.
5		Review and Checking	On a monthly basis, the financial information submitted on the ERP system, will be checked and reviewed by the Department Head along with the vouchers.  Every Voucher shall be duly checked and authorized by the appropriate Department heads of the Company.
6		External Reporting	Quarterly financial statements will be prepared by competent personnel and reviewed by the statutory Auditor of the Company.
7		Internal Audit	The Internal Auditor of the Company shall carryout the internal Audit of the Company on a quarterly wise before the review by the statutory auditor of the Company before publishing the quarterly results to the public.
8	Cash Inflows and Outflows	Payment Authorization	Every payments shall be done only after getting the Authorization from the President- Operations. The bank payments shall be processed through secure channel by the authorized payments.
9		Cash payments	The Cash Payments can be authorized by the Accounts Manager of the Company if the amount is less than INR 5000/-
10		Journal Entries	Every payments shall be duly updated in the systems and voucher shall attached with supporting.
11	Human Resources and Payroll	Employee Master	The HR-Manager shall be responsible to Maintain the updated Payroll of the Company
12		Time Keeper	The HR-Manager shall be responsible to Maintain the time keeper for the Company.
13		Employees Benefits and Payments	HR-Manager in consultation with the Accounts Manager is responsible for making the employee payments and shall ensure that the benefits for employees are duly credited with government.
14	Inventory Management	Master File Maintenance	The Accounts Manger shall be responsible for maintaining all the files and registers with respect to inventory management, if any

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15	<b>Procurement &amp; Sales</b>	Procurement Process	<p>The Procurement of Goods shall be based on the Purchase order (PO) created by the Procurement team and Further GRPOs shall be generated based on the POs for initiating the payments. The payments shall be released only with the authorization from Procurement Team.</p> <p>The entire process shall be implemented and monitored through the ERP system of the Company.</p>
16		Invoicing Process	<p>The Export Invoices shall be generated by the accounts department after getting the required approvals from the Procurement team. The invoice generation shall be based on the PO &amp; GRPO created.</p> <p>The entire invoicing process shall be implemented and monitored through the ERP system of the Company.</p>
17	<b>Logistics</b>	Insurance	<p>The goods may be insured against loss in transit or any subsequent losses based on the operational profitability as decided by the operations team and its shall be supervised by the Operation Department Head.</p>
18	<b>Information Technology</b>	Internet and email Communications	<p>The internal and external communication shall be through the designated email channel.</p>
19	<b>Customer Credit</b>	Website and ERP	<p>The Logistic team ensure the security of the systems and ERP software.</p>
20		Back up Procedures	<p>On a daily basis logistic team shall take the backup of data and shall keep in their secure custody.</p>
21		New ID creations	<p>Requests for creation of new User Ids shall be forwarded from the HR team with the acknowledgement of President Operations.</p>
22		Customer Credit	<p>Customer credit limit is reviewed for sales forecasting and customer needs on a periodic basis. Any adjustments or corrections are made as necessary based on past collection history and future business forecast.</p>
23	<b>Receivable Management</b>	Receivable Management	<p>The Accountant, on a quarterly basis, reviews the A/R aging report and updates for the bad debt reserve as needed.</p> <p>The bad debt reserve is then reviewed by CFO prior to posting in the G/L to ensure the calculation is in accordance with approved guidelines.</p> <p>The Maximum Credit period shall not exceed 180 days from the invoice generation.</p>