Risk Management

Policy

Orchasp Limited

CIN : L72200TG1994PLC017485

Risk Management Policy

Introduction:

Orchasp Limited 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 risk is central to achieving its corporate objectives.

The Company's Risk Management Policy ("the Policy") outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance with Regulation 17(9) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and Section 177 of the Companies Act, 2013 ("the Act"), which requires the Company to lay down procedures about risk assessment, risk management, and risk minimization. As per the requirement of the Regulations,

the Board of Directors (the "Board") of Response Informatics Limited (the "Company") has adopted a policy on risk management (the "Risk Management Policy").

i. The Board of the Company and the Audit Committee of the Company (the "Audit Committee") shall periodically review the risk management policy of the Company so that management controls the risk through properly defined network.

ii. The respective head of departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Audit Committee as may be required.

Objectives:

The objective of the Risk Management Policy of the Company is to create and protect Shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. The purpose of the Enterprise Risk Management (ERM) Policy is to institutionalize a formal risk management function and framework in the company.

To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e to ensure adequate systems for risk management.

To establish a framework for the company's risk management process and to ensure its implementation.

To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

To assure business growth with financial stability.

Meaning of Risk:

A risk is commonly defined as an effect of uncertainty on the achievement of objectives. In other words, risks are various events that can affect the achievement of objectives. Risk can have both negative and positive outcomes. Our aim is to manage the adverse effects and turn the risk into value.

Risks are an everyday part of our activities. Our operations involve multiple partnerships, challenging environmental, organizational contexts and extensive geographic scope. The realization of our mission and strategy depends on our ability to recognize risks and to define suitable measures for their treatment. Effective risk management is about effective decision making, not compliance. It is not limited to the identification and mitigation of negative risks, but also enables opportunities to be recognized that may involve some level of risk where they also have the potential to lead to positive outcomes, supporting the overall strategy.

Risk Management Program:

The Company's risk management program 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.

The philosophy is to enable the achievement of the company's strategic objectives by identifying, analyzing, assessing, mitigating, monitoring, preventing, and governing any risks or potential threat to these objectives. While the achievement of strategic objectives is a key driver, our values, culture and our obligation & commitment to employees, customers, investors, regulatory bodies, partners, and the community around us are the foundation on which our risk management philosophy is based. The systematic and proactive identification of risks and mitigation thereof shall enable effective or quick decision-making, enable business continuity, and shall improve the performance of the organization. To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors and of the Committee, to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company.

Key elements of the Company's Risk Management Program:

a. Risk Identification

Risk identification is concerned with identifying and assessing the probable risks and their material effects on the business goals / objectives of the Company in the changing and dynamic environment, both internal as well as external. In order to identity and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

Risk identification and assessment includes the risks provided below. However, the list provided below is illustrative and not conclusive:

- Economic environment and market conditions;
- Political environment;
- Approvals and clearances from any regulatory, statutory and governmental authorities
- and includes environmental clearances;
- Raw Material Risk;
- Commodity Risks;
- Commercial Risks;
- Liquidity Risks;
- Technical, quality or performance risk;

- Logistics risks;
- Financial reporting risks;
- Foreign Exchange Risk;
- Corporate Governance & Compliance;
- Legal risk / Regulatory Risk;
- Human resource management risk;
- Disaster Risks: Natural risks like fire, floods, earthquakes, etc;

b. Risk Evaluation:

Effective risk management requires risks to be anticipated, identified and assessed regularly, and actions are taken to manage the risks, whether these are positive or negative. To support risk assessment and actions to be identified, the Company will develop documentation about each project/ program specifying the country of operation, partner exposure, any key risks (e.g. foreign exchange). It will also develop training and communications tools to support project managers to manage risk.

c. Risk Management System:

The company shall define an Enterprise Risk Management Framework that is based on industry standards and encompassing all risks that the organization is facing internally or externally under different categories such as strategic, operational, sectoral, legal and compliance risks including ESG and Cyber security risks. The framework shall prescribe detailed procedures and guidelines for contextualization of risks by linking it to strategic objectives, identification, assessment, mitigation, any internal controls, communication, monitoring and governance. Appropriate risk indicators shall be used to identify risks proactively. The framework shall take cognizance of risks faced by key stakeholders and the multiplied impact of the same on the organization which may impact business continuity while framing risk responses.

As an integral and unavoidable component of business, the Company is committed to

managing the risk in a proactive and effective manner. Though Risk cannot be eliminated, it can be:

- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- embed a consistent approach to risk-based decision making in the company's processes and culture that is aligned to the achievement of the company's strategic objectives;
- minimize the adverse impact of risks to the enterprise and its operations, thus enhancing its long-term competitive advantage;
- identify opportunities to proactively convert risks into opportunities to deliver improved performance;
- Reduced, by having good internal controls and design and implement an Enterprise Risk Management Framework;

Aligning Enterprise Risk Management with other lines of defense:

Enterprise Risk Management is an umbrella function looking into various aspects of risks from strategic, operational, financial, and tactical perspective. Risk office enables identification of potential risks and mitigation plans. In addition to Risk Office, there are other risk identification / mitigation functions which are working and safeguarding the organizations assets such as audit, business continuity, compliance, information security, data privacy etc. The Risk Office shall align with these functions and exchange information where required to ensure all pertinent risks are captured and comprehensive solutions are implemented.

Roles and Responsibilities:

The Board is responsible for overseeing risk management with a scheme of delegation to the Audit Committee and policy implementation by the Director and senior staff. All senior staff are responsible for encouraging good risk management practice within their areas of responsibility and all project managers (researchers and professionals) will need to have regard to risk for the projects that they lead or support.

1. Role of the Board:

- Approve the overall policy statement;
- Offer periodic advice on risk appetite and risk tolerance;

- Satisfy itself about the assessment of strategic risks via annual consideration of the Strategic Risk List;
- Monitor the management of significant risks to ensure that appropriate controls are in place;
- Identify any strategic risks that require inclusion or updating in the Strategic Risk List to ensure that it reflects the Company's overall strategy and operating context;
- Approve major decisions, taking into account GAINs risk profile or exposure;
- Satisfy itself that less significant risks are being actively managed, and that appropriate controls are in place and working effectively to ensure the implementation of policies approved by the Board;
- Review regularly the Institute's approach to risk management and approve changes where necessary to key elements of its processes and procedures.

2. Role of the Audit Committee:

- Ensure the implementation of the risk management policy and advise on any modifications to the policy;
- Receive advice from the Board on the need for inclusion or amendment of strategic risks in the Strategic Risk List;
- Ensure that adequate information is provided for the Board and its committees, as appropriate, on the status of risks and controls;
- Ensure that an annual report is provided to the Board on the effectiveness of the system of internal controls;
- Ensure that local risk registers in the country offices are reviewed regularly.

3. Role of Senior Management

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material 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 material business risks across the Company and individual business units.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees 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 of Directors or any of its authorized Committee regarding the status and effectiveness of the risk management program.

4. Role of Employees

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

Monitoring and Learning:

The Company follows the rule of monitoring and learning. The Company will monitor the risks on the Strategic Risk Register, especially those with a “High” risk score. Clusters/units and departments will be asked to review the operational risks captured in their Registers termly.

The Company will learn from our experience of risk management and seek to share issues and ideas with staff to enable them to work effectively in a risk-based manner. This will include learning from those risks that we take on knowingly, where we believe that we could secure significant benefits if the risks are handled responsibly.

Internal Controls:

Internal controls encompass a review of the risks inherent in each activity. The Audit Committee report to the Board on the adequacy of internal controls. As part of its remit, the Committee reviews the work of the Internal and External Auditors and of the Company’s management. The Committee is therefore well placed to advise the Board on the effectiveness of the internal control system.

As part of the annual audit, the Company’s External Auditors will advise the Audit Committee on the operation of the internal financial controls.

Review:

The Audit Committee shall regularly evaluate the effectiveness of the Company's risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis.

Amendment:

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees 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 or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

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