


**RISK MANAGEMENT POLICY**

*M/s Astra Rafael Comsys Pvt. Ltd. (ARC) aims to continuously strive and improve the planning, implementation, controlling and maintenance of the risk management process to identify, assess and mitigate the potential risks that could cause the system and operational procedures to deviate from the planned results, putting in action the preventive controls to eliminate or minimize the negative effects of the risks and to optimize and make full use of the opportunities as they arise.*

*Risks are assessed by considering the internal and external issues relevant to the organization and understanding the needs and expectations of the interested parties by ensuring:*

- *The Management system achieves its intended results,*
- *The Management objectives are achieved,*
- *The staff and business assets are protected,*
- *The financial sustainability is continued.*

*The Risk Management Policy is communicated to all persons within ARC and is made available to relevant interested parties, as appropriate.*

**CHIEF EXECUTIVE OFFICER,****M/s ASTRA RAFAEL COMSYS PVT. LTD.**

**1. Scope of Risk Management:**

The Risk Management Process detailed below is applicable to the operational and system procedures of ARC. Risk Management Process focuses on continual monitoring and mitigating the potential risks from occurrence and to minimize or eliminate the undesired effects thereby ensuring the meeting of planned output. ARC maintains the availability of resources needed to implement the risk management plans.

**2. Objectives of Risk Management:**

The ARC Risk Management objectives is to,

- Identify and assess the Risks before they could arise,
- To categorize the risks and frame a risk mitigation plan,
- To prioritize and mitigate the risks that could have a major impact on the Organization policies,
- Know how to accept the remaining risks after implementation of risk mitigation plan by defining a risk acceptance criterion

**3. Roles and Responsibilities of Risk Management:**

To ensure the proper controlling and implementation of the Risk Management process, ARC has defined the roles and responsibilities within the organization. The Management Representative shall hold the overall responsibility and monitor the implementation of the Risk management processes. The same shall update the risk assessment results and resolve gaps with the Top management of ARC. Periodically the risks management processes and their results are reviewed twice a year. The effectiveness of implementation of mitigation plans is evaluated in the management review meetings held after each internal audit.

**4. Briefing and Methodology of Risk Management Processes:****The Risks are categorized into:**

- (i) Organizational level Risks
- (ii) Departmental level Risks

ARC has identified and defined the risks at function wise (as mentioned in clause:7), the risks assessment records are maintained for the same, these records will be audited during internal and external audits periodically.

**5. Risk Mitigation strategies to handle potential risks:****Avoid:**

Avoid Risks that involve a probability of causing financial losses and damage to organization property and personnel safety.

**Transfer:**

Risks that involve major financial influence can be mitigated by means of sharing or transferring them, e.g. by obtaining insurance, establishing a partnership, outsourcing of the job works, etc.,

**Accept:**

Risks which involve more cost or lead time compared to mitigating that particular risk can be accepted and closely monitored such that accepted risk will not arise as a high impact risk in later stages. Proper assessment need to be carried out before accepting any risk that mitigation plan is not necessary.

**Limit:**

Risk limitation involves the combination of Risk avoidance and acceptance. Risk limitation can be done by assessing the factors such as, lessons learned from previous experiences, putting into practice risk contingency plans to have a lesser latter effects of the risks that have a fair probability to occur.

**6. Risk Assessment Core Process:**

- i. Definition of risk assessment criteria (e.g., likelihood, consequences, risk acceptance)
- ii. Creating plans for Risk mitigation and contingency.
- iii. Identification and communication of risks throughout the processes and operations.
- iv. Identify and assignment of risk mitigation action plan process owners.
- v. Implement risk mitigation actions.
- vi. Acceptance of risks remaining after implementation of mitigation plan and implement a proper contingency plan after risk occurrence.
- vii. Maintaining a documented and authorized reports of the above core processes.

**7. The Risks can occur in the following functions:**

- (i) Finance
- (ii) Manufacturing
- (iii) Technology
- (iv) Marketing
- (v) Human Resource

- (vi) Top Management
- (vii) Operations
- (viii) Information Security
- (ix) Legal Risks

**(i) Finance Risks:**

SL.No.	Risks identified	ARC Adopted Risk Mitigation Strategies
1	Deviations in working capital management	<ul style="list-style-type: none"> <li>i. The Company shall plan and implement an adequate working capital limits (Fund based and Non-fund based) to run the business.</li> <li>ii. Working Capital Limits (Fund based) shall be utilized cautiously to meet the gap between the requirement and availability of funds.</li> </ul>
2	Change in taxation policies	<ul style="list-style-type: none"> <li>i. Proper tax plan shall be planned and implemented to minimize the risk of change in taxation policies.</li> <li>ii. Updating with latest amendments in the policies / tax rates to avoid penalties.</li> </ul>
3	Expenditure risks	<ul style="list-style-type: none"> <li>i. All the expenditures shall be done with respect to revenue and revenue generation capabilities. wasteful expenditures are monitored and such expenditures are reduced / eliminated.</li> </ul>
4	Financial leverage risks	<ul style="list-style-type: none"> <li>i. Debt equity ratio shall be monitored timely.</li> </ul>
5	Provision for bad and doubtful debts	<ul style="list-style-type: none"> <li>i. Provision for bad and doubtful debts shall be made to arrive at correct financial position of the company.</li> <li>i. Appropriate recovery management and follow up policy shall be planned and implemented.</li> </ul>
6	Blockage of funds – delay in realization of sales	<ul style="list-style-type: none"> <li>i. Timely realization by rigorous follow-up and meeting with the clients to eliminate the Blockage of funds – delay in realization of sales</li> </ul>

**(ii) Manufacturing Risks:**

SL.No.	Risks identified	ARC Adopted Risk Mitigation Strategies
1	Delay in customer approval of Components & Raw Material.	<ul style="list-style-type: none"> <li>i. Timely monitoring and prompt offering of available components and raw materials for customer inspection</li> <li>ii. Regular communication and follow-up with customers regarding the approval.</li> </ul>

		<ul style="list-style-type: none"> <li>iii. Timely monitoring of the parts obsolescence, amendments in part list and taking actions to customer approval for the same.</li> </ul>
2	Risk of wrong parts manufactured / procurement	<ul style="list-style-type: none"> <li>i. Proper verification of latest drawings &amp; specs before releasing of P.O. to the vendor.</li> <li>ii. whenever there is an amendment in design documents, timely distribution of latest documents to the stake holders and vendors.</li> <li>iii. Identifying and Obsoleting of the expired and invalid documents to avoid access.</li> </ul>
2	Delay in procurement	<ul style="list-style-type: none"> <li>i. Weekly monitoring by senior management keeping in view of the production plan.</li> <li>ii. Identification of alternate source for all the items wherever the actual items lead time is high or not meeting the production timelines.</li> <li>iii. Advance action for procurement of single source items and long lead items</li> </ul>
3	Employee turn out	<ul style="list-style-type: none"> <li>i. Retaining the essential employees by motivating them through monetary or non- monetary benefits (job rotation, giving higher responsibility etc.)</li> <li>ii. Training more persons on multiple skills as backup to avoid stoppage in work due to employee turn out</li> </ul>
4	Obsolescence of materials	<ul style="list-style-type: none"> <li>i. Multiple material sources need to be searched and identified for meeting the supplier order deliverable requirements.</li> <li>ii. Including of alternate identical parts in the part list.</li> <li>iii. Initial planning to update as per the latest technology.</li> <li>iv. Modification of the present design to suite the replacement for the obsolete components.</li> <li>v. Checking and updating of design documentation on regular basis by considering items obsolescence.</li> </ul>
5	Schedule delay	<ul style="list-style-type: none"> <li>i. Weekly review of the projects by management.</li> <li>ii. Managing of man power to cope up with the schedule delays.</li> </ul>

iii. To monitor the fitness of the instruments.

**(iii) Technology Risks**

SL.No.	Risks identified	ARC Adopted Risk Mitigation Strategies
1	Updating to latest Technology in the market	<ul style="list-style-type: none"> <li>i. Management and technical team visits to exhibitions in order to check the latest technology available and based on the feedback, continuous improvements are made to the product technology.</li> <li>ii. Promoting of in-house culture to think innovatively and out of the box.</li> </ul>
2	Updating with the customer altering technical requirements	<ul style="list-style-type: none"> <li>i. Constant touch with the customer to ensure that we are continuously addressing to their requirements.</li> <li>ii. Proceeding for production after the customer approval of the technical specifications.</li> </ul>
3	Improper Design output	<ul style="list-style-type: none"> <li>i. Input technical specifications shall be approved by the customer before start of the design process.</li> <li>ii. Study of technical specifications by appropriate and qualified technical personnel.</li> <li>iii. Timely and regular review meets with the customer in finalization of design documents.</li> <li>iv. Proper documentation maintenance and control of the design documents.</li> </ul>
4	Confidentiality Risk	<ul style="list-style-type: none"> <li>i. intranet is not connected to internet and only Senior management and authorized people are capable to access the drawings.</li> <li>ii. Criminal / disciplinary liability for those who violate the terms of documentation usage and control.</li> </ul>

**(iv) Marketing Risks:**

SL.No.	Risks identified	ARC Adopted Risk Mitigation Strategies
1	Confidentiality of information	<ul style="list-style-type: none"> <li>i. The important information on price and specs to be maintained secret within senior or trustworthy personnel during tendering process.</li> </ul>

2	Loss of assets (such as customer information files)	<ul style="list-style-type: none"> <li>i. Control of back up of all files and proper securing of customer data.</li> <li>ii. Random check of the same for every 6 months during internal audit to see the robustness of the system.</li> </ul>
3	Delivery schedules commitments	<ul style="list-style-type: none"> <li>i. Marketers shall keep in view the lead time required before committing a date for delivery.</li> </ul>
4	Competitors risk	<ul style="list-style-type: none"> <li>i. Proper study of the specs and price of the competitors before submitting a tender</li> </ul>
5	Tenders called off	<ul style="list-style-type: none"> <li>i. Monitor the clients continuously by communicating with them from time to time to know the progress and to mitigate any issues raised in the process.</li> </ul>

**(v) HR Risks:**

SL.No.	Risks identified	ARC Adopted Risk Mitigation Strategies
1	Wrong hiring	<ul style="list-style-type: none"> <li>i. Thorough evaluation during the interview and background verification before confirming of the offer to the employee.</li> </ul>
2	Employee turn out	<ul style="list-style-type: none"> <li>i. Retaining worthy employees by motivating them through monetary and non-monetary benefits</li> </ul>
3	Key staff health deterioration and unable to work full-fledged	<ul style="list-style-type: none"> <li>i. Training employees on multiple skills and having a periodic training plans.</li> <li>ii. Have a backup employees for all key staff and key roles.</li> </ul>
4	New products manufacturing and updates in the organization technology	<ul style="list-style-type: none"> <li>i. Develop skill-set of the employee as per the new technologies by providing necessary timely training or well in advance.</li> </ul>
5	Personnel injury or death	<ul style="list-style-type: none"> <li>i. Provide medical / insurance policies to the employees.</li> <li>ii. Continuous search and back up profiles.</li> </ul>
6	Termination risks	<ul style="list-style-type: none"> <li>i. Proper background enquiry and Gather sufficient information and reasons with proofs i.e., disciplinary memo/warnings to justify the decision before termination, counsel/warnings before termination.</li> </ul>

- ii. Educating or training of employees to understand the importance of ethical behavior.

**(vi) Top Management Risks:**

SL.No.	Risks identified	ARC Adopted Risk Mitigation Strategies
1	Investments	i. Proper planning of the resources availability before investing
2	Assets Utilization	i. Monitor accountability maintenance of the Assets. ii. Monitor and ensure proper usage of the assets by the managing members.
3	Intellectual Capital	i. Timely review meetings with the intellectual employees to understand the present and future needs of the organization. ii. Provide encouragement to the intellectual employees
3	Controls / Procedures	i. Adopting and promoting the appropriate controls / procedures which are relevant to the organization

**(vii) Operational Risks:**

SL.No.	Risks identified	ARC Adopted Risk Mitigation Strategies
1	Plant and Machinery maintenance	i. Timely preventive maintenance adoption. ii. Timely adoption of calibration maintenance
2	Materials / Components usage	i. Proper suitable and safe environment to preserve the available materials.
3	Operators competency	i. Adoption of qualified and trained operators
4	Design documents usage	i. Usage of controlled copies while operation executions.

**(viii) Information Security Risks:**

SL.No.	Risks identified	ARC Adopted Risk Mitigation Strategies
1	System Capability	i. IT department maintains repairs and upgrades the systems on a continuous basis with personnel who are trained in software and hardware.
2	System reliability	i. Password protection procedure shall be planned and implemented at different levels.
3	Data integrity risks	i. Licensed software is being used in the systems



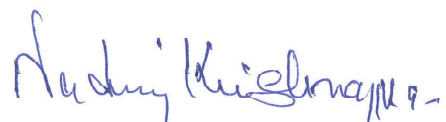
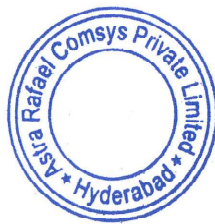
4	Coordinating and interfacing risks	i. The company ensures "Data Security", by having access control / restrictions.
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**(ix) Legal risks:**

SL.No.	Risks identified	ARC Adopted Risk Mitigation Strategies
1	Contractual Liability	i. Vetting of all legal and contractual documents
2	Insurance Risks	i. Systems have been planned and adopted to make timely payment of insurance and full coverage of properties of the company under insurance.
3	Frauds	i. Internal control systems are planned and implemented in the company to have proper control on the operations of the company and to detect any frauds. ii. Internal audit is done by an independent audit firm to ensure whether the operations of the company are being done in accordance with defined system and procedures

**8. Disclaimer Clause:**

The management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management has tried their best in assessment of risk factors, risk mitigation measures and management's perception of risks. However, readers are therefore requested to exercise their own judgement in assessing various risks associated with the company.

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