

SAVANT INFOCOMM LIMITED

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RISK MANAGMENT POLICY

1. INTRODUCTION

The Board of Directors of the Company has adopted the following policy and procedures in compliance with Section 134(3)(n) of the Companies Act, 2013 , which necessitate that the Board's Report should contain 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

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.

The Board may review and amend this policy from time to time.

This policy will be applicable from 01.10.2014.

2. OBJECTIVE

Objective of risk management is not limited to complying with provisions of law but also to enable the Company in achieving its strategic objectives and enhance stakeholder value. The Company understands that risk management is not a onetime event or exercise; so the Company has adopted a risk management methodology/framework to bring the inherent level of risks to a desired level of acceptable risks.

3. TYPE OF RISKS

(a) Industry & Services Risks:

These risks can be broadly categorised as follows, namely :

- Economic risks such as dependence on one product, one process, one client, one industry, etc. in the short and long term.
- Services risks
- Market structure

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- Business dynamics
- Competition risks affecting tariffs prices, costs, revenues and customer preferences
- Customer relations risks
- Reputational risk

(b) Management and Operations Risks:

These risks relate broadly to the company's organisation and management such as planning, monitoring, and reporting systems in the day to day management process namely:

- Risks to Property
- Clear and well defined work processes
- Changes in Technology/upgradation
- R&D risks
- Agency Network Risks
- Personnel risks such as labour turnover risks involving replacement risks, training risks, cost risks, skill risks etc. There are also unrest risks due to strikes and lockouts. These risks affect the company's business and earnings.
- Environmental and Pollution Control regulations, etc.
- Locational benefits near metros, railway stations, ports, cities, etc.

(c) Market Risks:

These risks relate to market conditions namely:

- Raw material rates
- Quantities, quality, suppliers, lead time, interest rates risks and forex risks namely, fluctuation risks and interest rate risk in respect of foreign exchange transactions.

(d) Political Risks:

These risks relate to political uncertainties namely:

- Elections
- War risks
- Country/Area risks
- Insurance risks like fire, strikes, riots and civil commotion, marine risks, cargo risks, etc.
- Fiscal/Monetary Policy Risks including Taxation risks.

(e) Credit Risks:

These risks relate to commercial operations namely:

- Creditworthiness risks
- Risks in settlement of dues by clients
- Provisions for doubtful and bad debts

(f) Liquidity Risks:

These are financial risk factors namely:

- Financial solvency and liquidity risks

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- Borrowing limits, delays
- Cash/Reserve management risks
- Tax risks.

(g) Disaster Risks:

These risks relate to disasters from following factors:

- Natural risks like fires, floods, earthquakes, etc.
- Man-made risks arising under the Factories Act, Mines Act, etc.
- Risk of failure of effective Disaster Management plans formulated by the company.

(h) Systems Risks:

These risks relate to the company's systems namely:

- System capacities
- System reliability
- Obsolescence risks
- Data Integrity risks
- Coordinating and Interface risks.

(i) Legal Risks:

These risks relate to the following:

- Contract risks
- Contractual Liability
- Frauds
- Judicial risks
- Insurance risks.

4. RISK MANAGEMENT COMMITTEE

The Board may constitute a Risk Management Committee (RMC) comprising of senior executives/Head of the Departments of the company, ireresponsible for the identification of risk, review of risk management processes within the Company, and for overseeing the implementation of the requirements of this policy. The composition of the committee shall be as decided by the Board from time to time.

The Company Secretary shall act as the Secretary to the RMC and the Head of the Risk Management function.

Objectives of RMC:

- Identify changes in contributing factors, which may affect the likelihood and impact of an outcome
- Ensure proposed risk treatment plans are adequate
- Assess the progress of risk treatment action plans
- Identify new and emerging risks, if any

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5. RISK MANAGEMENT METHODOLOGY

Risk Management methodology explains the process that the Company should follow. It has four phases.

I Risk Identification

The Company may use following ways to identify new risks that may have emerged or risks that would have changed over a period of time:

- Review of documents such as strategic plans, board and audit committee meeting minutes, risk management committee meeting minutes, policies and procedures, internal audit reports, financial statements, press releases, analyst reports etc.;
- Structured workshops, brainstorming sessions; and
- Interviews with Top and Senior Management.

All identified risks should be updated in a risk register as and when identified. Risk registers should be reviewed by the Risk Committee to ensure pertinence of the risks listed. Risks that would have ceased should also be closed appropriately.

II Risk assessment and prioritization

Risk may be high, medium or low. The objective of Risk Assessment to assist the organization in prioritizing risk treatment strategies to ensure that appropriate attention is given to risks based on their criticality and that the Company resources are effectively utilized in managing these risks.

III Risk Treatment

Risk treatment involves identifying the range of options for treating risk, assessing those options, preparing risk treatment plans and implementing them. Risk treatment plans, as and when formed, should be profiled in the Risk Profile. Action plans need to be time bound and responsibility driven to facilitate future status monitoring. Treatment plan should ensure that existing level of risks is brought down to an acceptable level.

Treatment Options

a) Eliminate-

Action is taken to exit the activities giving rise to risk, such as exiting a product line, selling a division, declining expansion to a new geographical market etc. where either the cost of other responses would exceed the desired benefit, or no response option was identified that would reduce the impact and likelihood to an acceptable level.

b) Reduction-

Action is taken to reduce the risk likelihood or impact, or both to reduce the risk to an acceptable level. This may involve any of a variety of everyday business decisions.

c) Sharing -

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Action is taken to reduce risk likelihood or impact by transferring or otherwise sharing a portion of the risk with a third party, such as Purchasing insurance products, pooling risks, engaging in hedging transactions, outsourcing an activity etc.

d) Acceptance-

No action is taken to mitigate the risk. Business is willing to continue taking the risk at the same level.

IV Implementation of decisions

The last step in the risk management process is the implementation of the decision. The Risk Manager should recommend to the Board or an organization various alternatives of tackling the risks. After getting it approved, initiate measures to implement it.

6. REVIEW

Head of Departments/ senior executives 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.

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

7. AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

8. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the SEBI Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

9. DISSEMINATION OF POLICY

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.
