Risk Management Policy

Objective

The Organization is subject to certain risks that affect our ability to operate, may disrupt our business model due to changes in competitive landscape, changes in Technology which may render our capabilities obsolete, and thus hamper our ability to serve our customers and protect assets. These risks could adversely affect Customer projects, Employees, Shareholders, liability to third party and risks to property among others. Controlling these risks through a formal process is necessary for the well being of the Organization and everyone involved with it.

The organization's Risk policy identifies these Risks on a continuous basis and proposes mitigation measures. Our risk policy aims to minimize adverse impact of these risks on Company's growth, Profit margins and People engagement besides Regulatory compliance. Risk Management has been made an integral part of the Organization by encouraging risk awareness among employees.

Risk Management Framework

The Audit Committee of the Board of Directors oversees the Risk Management process done by the Risk Committee under the overall direction of the Board of Directors. Risk Management Committee consists of the Board of Directors, CFO & the CRO.

Risk Management Process

Risk Management is a continuous and developing process which runs throughout the Organization's strategy and the implementation of that strategy. The Risk Management helps the organization to proactively manage uncertainties in the internal and external environment and to limit the negative impacts and benefit on the opportunities.

Some of the Major risks and risk mitigation measures can be grouped in the following four categories:

1. Business Model Risk	2. Operational Risk	3. Financial Risk	4. Legal & Compliance Risk
Business segment concentration	Recruitment - difficulty in finding specialized skill	Foreign Exchange	New Country Entry Risk; Geo Subsidiary Compliance Reporting
Geography concentration	Commercial General Liability, Cyber & Crime	Risk due to Large Order to Cash cycle and Liquidity Risk	Intellectual Property Protection Risk
Competition	Risk from actions of Directors and Officers		Internal Financial Control (IFC) implementation
	Risk due to Fire hazards and Accident		Contractual Compliance

1. Business Model Risk

1.1. Business Segment Concentration

The company is specialized in BFSI space and could face the risk of concentration in a single space. However, this risk is mitigated to a large extent because the company has presence in all the 4 sub segments of BFSI namely Corporate Banking, Retail Banking, Capital Markets and Insurance. These 4 sub segments have different boom and bust cycle and therefore protect the company. The Company's foray into the Payments space through iPay will further reduce this risk as Payments business is fairly stable business with less impact on cyclicity.

1.2 Geographic Concentration

Intellect is present across different Geographies which we internally classify as World I, World II, World III countries. World I is Rich countries, World II is Middle Income countries and World III is the Emerging world. The risk gets mitigated by being present in all the three worlds as the demand from these countries varies across segments and balances the cyclic nature of business.

1.3 Competition

The company faces competition from large Multi-national companies, Local companies in the geography in which we operate and Indian Product companies. While many of these companies are established companies, the start ups may also disrupt our business.

With a view to stay ahead of the competition, an analysis of these competitions in the 4 sub-segments and the 3 Worlds is done on a continuous basis. Another lever to mitigate this risk is the Investments made in R&D which helps us to remain ahead in the innovation curve.

2. Operational Risk

2.1 Recruitment

The company operates in niche BFSI product space which requires people with specialized skill. As against mass recruitment that was followed in Services business. The Company minimizes the risk through in-depth in-house training, recruitment in top end Engineering colleges and B Schools.

2.2 Commercial Liability, Cyber & Crime

The company has appointed a Global leader in Risk & Insurance advisory for advising on the risk and insurance coverage.

- To Safeguard against Liability arising in the event of any property damage, Bodily injury caused to any person - Commercial General liability insurance is taken
- To safeguard against privacy breach liability, cyber extortion, data theft- Cyber liability cover is taken

2.3 Risks from actions of Directors and Officers

To safeguard against lawsuits brought against Directors & key officers who are in a decision - making position in the organization – Directors & Officers Liability Insurance cover is taken

2.4 Risks due to Fire hazards & Accident
To protect the company's Assets (movable & immovable Assets) from the risk of Fire or perils, protection has been taken under Standard Fire and Special Perils Policy.

3. Financial Risk

3.1 Foreign Exchange
The company earns a large portion of its income in foreign currencies and is exposed to risk of currency movements. To mitigate the risk, the company follows a 2 step strategy.

- As the first step, quotation in foreign currencies is restricted to few selected major currencies. Quotation in any other currency is highly controlled.
- The second leg of this strategy is to hedge the foreign earnings after subtracting the local expenses.

3.2 Larger Order to cash cycle and Liquidity Risk
Our customer being large Banks and Financial Institutions the credit worthiness is in comfort even though the cycle is long. The percentage of bad debts is also minimal. Since the Products business has a long order to cash cycle, the company has identified liquidity Risk as an area to monitor. The Finance organization headed by the CFO monitors the liquidity position consisting of cash and near cash instruments on a continuous basis

4. Legal & Compliance Risks

4.1 New Country Entry Risk & Subsidiary Compliance Reporting
For any new business opportunity in a new country, a Country risk assessment clearance from the CRO is a must. Country risk assessments at entry level and subsequent mitigation measures help in developing a robust knowledge platform and also to understand the local conditions and business culture at an early stage in the business process. For Subsidiary Compliance Reporting - a well structured framework has been instituted in Unmail, the Company's proprietary Enterprise Social Network. The respective Operational Directors ensure uploading of the Compliance reports (suitably customized for each Subsidiary) on a quarterly basis. This process enhances to control and improve statutory compliance in each jurisdiction.

4.2 Intellectual Property Protection Risk
Difficulties in protecting out IP in some countries that are pivotal for generating revenues are mitigated by registration of the IP in countries that have safe IP protection laws.

4.3 Internal Financial Control (IFC)
The company has to comply with additional controls enforced by Section xxx of the Companies Act 2013. This is to report on the Internal Financial Control in the Directors Report and also by the Statutory Auditors. To comply with this, the company appointed a reputed Chartered Accountant firm to assess the existing control environment and ensure that the requirements are complied.

4.4 Contractual Compliance

Product development companies are exposed to legal risk arising from Infringement of IP right and Non performance of contractual obligation. The company has established a strong process to review and appraise all contracts. As a policy it restricts its obligation under each contract. The company has adequate Insurance to militate against risk of Errors and Omissions, Commercial General Liability.