SHARPLINE BROADCAST LIMITED

(Regd. Off.: 38, Rani Jhansi Road Motia khan, Paharganj, Delhi -110055)
Email: sharplinebroadcastlimited@gmail.com, Website: www.sharplinebroadcast.in
CIN No.L22100DL1990PLC039464

RISK MANAGEMENT POLICY

Progressive organizations need to take new initiatives, which often come along with certain risks. Additionally, the increasingly dynamic external environment presents risks to the existing business. To navigate through the likely business risks, Sharpline Broadcast Limited (SBL or the Company) has formulated a structured risk management process. The key objectives of this Risk Management Policy are:

- Identification and categorization of potential internal and external risks;
- Assessment and measurement of the identified risk;
- Mitigation plans for the risks;
- Report identified risks, their assessment, mitigation plan, risk appetite to the Risk Management Committee (RMC) and other relevant stakeholders

The Risk Management Policy aims to cover, amongst others, the following key areas/ risks which will form part of the Risk Register:

- **Strategic risks –** For large organizations, the key business decisions can have a significant impact on their long-term growth potential. Venturing into new areas may be required to meet strategic objectives and sustainability goals. To have a competitive edge, businesses acquire new resources or invest in strategic partnerships to shape innovative product segments or technologies. However, such decisions will come with a fair amount of risks, inherent, or otherwise. Additionally, the ever-changing economic policies may influence the strategies and performance of the Company. The mismatch in demand and supply and competitive products may influence the market share of the Company. The Company should keep a close watch on the upcoming policies and changes in the existing policies and adapt itself accordingly. Strategic decisions should be reviewed by all relevant internal stakeholders and run through a robust decision making process.

- **Operational risks**- Manufacturing defects, labour unrest, injuries, accidents, suspended operations of a plant may affect the operations of the Company. Given the scale of operations, even the slightest disturbance can have a significant impact on work force or revenue. The growth in global business further complicates and adds to the severity of the business and regulatory risks we may be required to take due to our entry into new markets. With a goal of creating value, the Company recognizes that there are multiple focus areas to ensure smooth operations. The Company should therefore develop risk mitigation strategies for managing risks in each of the Business Operation areas.

- **Financial risks** – The financial risks relate to adequate liquidity for routine operations and availability of funds for greenfield and brownfield expansions, impact of currency fluctuations due to entry in newer geographies, change in credit ratings, etc. It also includes the risks associated with the investments made by the Company. The financial performance of its subsidiaries, associates and any other affiliates that may adversely affect the Company's results should be closely monitored. The investments of the Company should be made based on financial modelling and the currency fluctuations be examined regularly. In addition, the Company has an exposure of commodity price risk and foreign exchange risk denominated in USD for exports and USD, EUR and JPY in respect of its imports. The Company uses various instruments as approved under the central bank regulations to hedge these exposures. Multiple levers mitigate these risks, and the selection of a lever may depend on the cost-benefit analysis and the extent of exposure. The Company works on an ongoing basis on cost reduction, weight reduction, alternate materials and process improvement exercises. The Company also considers localization of imports/ global sourcing to ensure lowest cost option in sourcing of parts/ raw material.

- **Regulatory risks –** Non-compliance to the applicable laws may result in liabilities and may affect the reputation of the Company. The frequent changes in regulatory norms require the Company to be prepared and update the products with the applicable standards. The Company has proper systems in place to prevent non-compliance of applicable laws to SBL. Further, the Company should constantly monitor and comply with the frequent changes in the domestic and global norms.

- **Technology risks** – The Company is committed to embracing new technologies to deliver superior products and solutions to its customers and stakeholders. Adoption of new technology or being left behind in the era of evolving technologies is the primary risk that it monitors. IT and digitalization are the key enablers for delivering end-to-end mobility solutions. However, even these are prone to risks associated with disaster preparedness, data security, information privacy, legal compliance, etc. The technology risks should be mitigated by continuous R&D initiatives of the Company, keeping abreast with the global changes, promoting entrepreneurial skills of the personnel and developing in-house solutions or procuring them. Business models may evolve, based on changes in technology, otherwise, which will also need to be considered in our understanding of the risk matrix.

- **Sustainability risks** – Economic, Social and Governance (ESG) risks are leading to significant disorders across many organizations. Emerging global scenarios as the pandemic bring along serious uncertainties for businesses both in domestic as well as global markets. There has also been a shift in spending patterns in some of the markets and businesses had to come up with innovative practices to manage this. Climate change has made the mobility sector focus even more on the non-traditional energy sources. With a focus on long-term value creation, SBL identifies and closely monitors the risks under the ESG bucket. The organization should ensure timely escalation of critical risks and development of a suitable mitigation plan to manage those.

- **Cyber Security and Information Technology risks** – With an ever-increasing dependency on the IT networks, the Company has a significant focus on the Cyber Security threats. The Company identifies cyber security risks based on evolving threat situations. In recent times, the Cyber Security has been strengthened even more and the mitigation actions should be monitored periodically. Business Continuity Planning (BCP) – SBL recognizes the importance of BCP for the smooth running of business particularly during unfavourable times, including pandemic. The Company focuses on business continuity, both from a business operations sustainability viewpoint as well as employee welfare measures perspective. A cross functional BCP team would develop a BC Plan, which will focus especially on key action steps, roles and responsibilities, trigger mechanisms, turnaround times etc. to be always prepared to tackle any situation that can potentially affect the business operations.

Risk Mitigation: To ensure that the above risks are mitigated, SBL will strive to:

- Involve all functions in the overall risk identification and mitigation exercise;

- Have an objective framework to categorize risks and define the level at which it should be addressed; Link the risk management process to the strategic planning and internal audit process;
- Promote a culture of calculated risk taking to identify new initiatives coupled with thoughtful risk mitigation approach;
- Formalize a transparent risk information system across the organization with structured templates.

Adequate disclosures pertaining to the risks (including commodity risks) being faced by the Company, may be made as per the materiality criteria defined in the 'Policy for determination of materiality for disclosure of events or information' of the Company. The Risk Register will include guidance on impact and probability of the risk impact which in effect is the identification of risk appetite for the Company. Risks identified in the Risk Register will have a Risk description, risk functional owner and initiatives with timelines and responsibilities for risk mitigation.