

SHILPI CABLE TECHNOLOGIES LTD.

RISK MANAGEMENT POLICY AND STRATEGY

Clause 49 of the Listing Agreement relating to Corporate Governance requires listed companies to institute risk management frame work comprising a process for risk assessment and minimization with roles and responsibilities for monitoring and reporting risks and controls.

This document therefore tries to identify the key events/ risk impacting the business objectives and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring key business risks.

This Risk Management Policy will be evaluated and reviewed from time to time and requisite changes will be made to this document.

Our risk management approach is composed of mainly three components:

1. Risk Governance
2. Risk Identification
3. Risk Assessment and Control

1. Risk Governance:

- ✓ The Board is responsible for managing risk on various parameters, at the corporate level.
- ✓ The functional heads have to ensure implementation of the risk mitigation measures.
- ✓ The Audit Committee provides oversight and reviews Risk Management Policy from time to time.

2. Risk Identification:

External and internal risk factors that must be managed are identified in the context of business objectives.

3. Risk Assessment and Control

This is composed of

- (a) Risk assessment and reporting
- (b) Risk control
- (c) Capability development

On a periodic basis risk due to external and internal factors are assessed by responsible managers across the organization. Norms aimed at limiting exposures are integral to this frame work. The risks are identified and formally reported through mechanism such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management.

The first step for formulating Risk Management Policy is therefore to define the business objectives on various parameters. The business objectives of the Company can be enumerated as follows:

Business objectives:

a) Financial Parameters

- ✓ achieve revenue growth
- ✓ sustain profitability

b) Market and Customer focus

- ✓ grow customer relationships
- ✓ develop market by promoting new uses
- ✓ broaden geographical foot print

c) Operating Efficiency

- ✓ improve quality and productivity
- ✓ control operations costs

d) Organizational Development

- ✓ develop tiers of leadership
- ✓ develop and retain competencies

e) Growth

- ✓ To diversify into new revenue streams

The risk factors which may impact the business objectives and measures to be taken for managing/mitigation these risks are:

- i. External Risk Factors
- ii. Internal Risk Factors

i. External Risk Factors

- ✓ Macro economic factors
- ✓ Exchange rate fluctuations
- ✓ Raw material price fluctuations
- ✓ Political environment
- ✓ Competitive environment
- ✓ Inflation and cost structure
- ✓ Security and business continuity
- ✓ Competition from other market players

ii. Internal Risk Factors

- ✓ Financial reporting risks
- ✓ Liquidity and leverage
- ✓ Contractual compliance
- ✓ Compliance with local laws
- ✓ Human resources management
- ✓ Protection and maintenance of Assets
- ✓ Ethics and values

Each risk factor is monitored periodically by the Management of the Company and any event arising from these likely to adversely impact operations is reported to the Board/ Audit Committee.
