

***Risk Management Policy***

Prime Focus Limited

## **1. Preamble and Objective**

By this policy Prime Focus Limited (“PFL” or “the Company”) intends to effectively manage risk and thereby adding value to the stakeholders associated.

- i. This document is intended to formalize a Risk Management policy/plan (“the Policy”), the objective of which shall be identification, evaluating, monitoring, and minimizing identifiable risks;
- ii. The Board of Directors and Risk Management Committee of the Company shall periodically review the Policy and the risk management system of the Company so that management controls the risk through properly defined network;
- iii. Head of Departments 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 from time to time;

The Policy is in compliance with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, including any statutory modifications or amendment thereof, which requires PFL to lay down procedures about the risk assessment and risk minimization.

The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

The Company shall ensure that while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the company to excessive risk.

## **2. Regulatory References**

- (i) The Companies Act, 2013 (including any statutory modifications or amendment thereof) (the “Act”);
- (ii) SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or amendment thereof)(“Listing Regulations”);

## **3. Applicability**

The Policy is approved by the Board of Directors and shall be effective from the date of adoption by the Board of Directors..

## **4. Scope of the Policy**

The Policy covers the various risk associated to the Company while executing its object. The Policy aims to assess the risk, manage it and monitor it so as to keep the risk at zero level or minimum level.

## **5. Risk Management Committee**

- a. The Board shall constitute a committee which shall be named as Risk Management Committee (“the Committee”).
- b. The composition of risk management committee shall be: -
  - i. Minimum three members with majority of them being members of the board of directors, including at least one independent director;
  - ii. The Chairperson of the Risk management committee shall be a member of the board of directors;
  - iii. Other senior executives of the Company;
  - iv. Other members as the Board may thinks fit;

## **6. Roles and Responsibilities of the Committee**

- a. To monitor the various risk associated with the Company;
- b. To review from time to time a risk related to the Company;
- c. To draw a suitable action plan, if any risk is triggered, to minimize the risk;
- d. To obtain and review the monthly risk report from the various department and review the same and draw suitable action plan, if required;

- e. To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- f. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- g. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- h. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
  - i. To report to the Board as and when required;

## **7. Role of the Board**

The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

## **8. Meeting of the Committee and Quorum**

- a. The Committee shall meet periodically but at least twice in a year;
- b. Not more than two hundred and ten days shall elapse between any two consecutive meetings.
- c. The quorum for a meeting shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance;
- d. The CFO of the Company shall present a consolidated report related to risk and measures taken by the Company to the Committee;

## **9. Risk Categorization**

### **a. Industry Risk**

Media and Entertainment (M&E) industry have significantly evolved over the years with the introduction of new technologies. The impact of evolving technology is expected to change consumption habits and patterns of viewers over the next few years. Digital transformation and changing habits of consumers continue to disrupt existing business models. This is a major concern as well as an opportunity for the industry to match consumer expectation and gain first mover advantage. The problem with M&E industry is the rapid change in

technologies leading to concerns for companies to adopt and adjust operations in time. The rapid and constant technological innovations will permanently change the way individuals would access and consume content.

Adoption of innovative technological solutions by market participants will be vital for survival in this fast changing industry landscape

**b. Counter Party Risk**

This risk come out of various parties which are being used for the business. These parties may include clients, vendors, partners, outsourcing agencies, etc.

**c. Operation Risk**

The Company shall functions under a well defined organization structure. Flow of information shall be defined and documented to avoid any conflict or communication gap between two or more Departments. Second level positions shall be created in each Department to continue the work without any interruption in case of non-availability of functional heads. Proper policies shall be followed in relation to maintenance of inventories. The Company shall adopt the latest trends in the technology development and introduce the same so as to ensure reduction in cost with best quality output.

**d. Human Resources Risk**

The post-production and visual effects (film and television) industry is highly dependent on individual skill sets of key personnel, which are not readily replaceable.

The Company shall strive to maintain a safe, healthy and happy work environment. Talent shall be nurtured and developed through various developmental programmes and the Company shall encourage its personnel's to undertake these for both professional and personal development.

**e. Regulatory and Legal risk**

Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, where the Company is exposed to

legal risk exposure. The Company shall have an experienced team of professionals and if required shall have advisors who focus on evaluating the risks involved in a contract, ascertaining responsibilities under the applicable law of the contract, restricting liabilities under the contract, and covering the risks involved so that they can ensure adherence to all contractual commitments.

The Company is subject to additional risks related to complying with a wide variety of international, national and local laws in view of its global operations. The Company shall put in place robust process with the help of consultants, if needed, to ensure compliances of various laws applicable to the Company. The Company shall ensure to report its Board or any other authority various compliances of various laws applicable to the Company along with the action taken or to be taken for any non-compliance observed.

**f. System and Technology Risk**

The system risks are categorized as under:

- i. System Capability;
- ii. System Reliability;
- iii. Data Integration;
- iv. Coordination and Interfacing Risk;

The Company shall have a separate department which shall maintain, repair and upgrade the systems on a continuous basis with personnel who are trained in software and hardware.

Password protection shall be provided at different levels to ensure data integrity. The Company shall use only licensed software in its systems. The Company shall ensure "Data Security" by having a high level access control/ restrictions. The System shall be secured from any cyber attack on the Company's system.

The Company shall create a separate documented policy for its IT management, system and data security.

**g. Strategy Risk**

This risk is broadly come out of the choice made by the business about geography of market, resources, product and service delivery model. The Company shall ensure its strategies work out to be the best and risk level related to its business strategy is minimum. All the Departmental heads shall ensure that while work on any strategy of the Company, they will

endeavor to ascertain the risk related to their respective department.

#### **h. Financial and Credit Risk**

The Company accrues income from various parts of the world as it has operations and dealings with customers all across the globe. This results in a huge risk of currency fluctuation.

The Company shall exercise sufficient care and due caution in ensuring that its risk on account of fluctuations in exchange rate is covered and the Company is insulated to the maximum extent possible. To combat this situation the Company has in place an efficient foreign exchange management team that continuously monitors the currency markets.

*However, the company does not trade in foreign exchange derivatives.*

Further, the Company shall adopt the appropriate recovery model with follow up to minimise the credit risk keeping in mind the competitive environment related to its business.

The Company shall ensure proper KYC norms before dealing with any customer and vendors so as to ensure proper risk profiling before dealing with those customers and vendors. The Company, so far as possible, shall meet its customer in person. The Company shall, in any circumstances, not deal with any customer or vendor whose identity is matching with persons known to have criminal background and suspected to be fictitious.

#### **i. Location Risks:**

Among the location hazards facing a business are nearby fires, storm damage, floods, hurricanes or tornados, earthquakes, and other natural disasters. Employees should be familiar with the streets leading in and out of the neighborhood on all sides of the place of business. Liability or property and casualty insurance are often used to transfer the financial burden of location risks to a third -party or a business insurance company.

### **10. Risk Profiling**

- a. The various risk as mentioned in para 8 above shall be profiled as follows: -

- i. High Risk;
  - ii. Medium Risk;
  - iii. Low Risk;
- b. All the departmental head while dealing with any transaction shall ascertain the risk profiling pertaining to the transaction.
- c. While approving any transaction or conducting a risk assessment of operations and procedures of the Company, the likelihood and severity of the occurrence of a particular risk shall also be considered.

**11. Operation of the Policy**

The provisions of the Policy shall be observed by the Risk Management Committee.

**12. Administration and Review of the Policy**

The Chairman of the Risk Management Committee shall be responsible for the administration, interpretation, application and review of the Policy. The Chairman shall be empowered to bring about necessary changes to the Policy, if required, at any stage with the concurrence of the Audit Committee. The Audit Committee shall evaluate risk management systems periodically.

**13. Amendment**

The Company reserves its right to amend or modify the Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employee unless the same is notified to them in writing.

**14. LAW TO TAKE PRECEDENCE AND APPLICABILITY**

In the event of any variation or inconsistency between the provisions of this Policy and the applicable Regulations and/or the Act, the provisions of the applicable Regulations and/or the Act, as the case may be, shall prevail over the Policy and the provisions of the Policy shall be deemed to have been amended so as to be read in consonance with the Regulations and / or the Act.

## **Version History**

Version	Date of Adoption	Changes
1.	June 30, 2021	Whole Policy is adopted
2.	May 30, 2023	Reviewed
3	February 10, 2025	Reviewed