

Risk Management Policy

Section 134(3) of the Companies Act, 2013 ('the Act') requires the Board of Directors of the Company, as part of the Board's Report, to give a statement indicating development and implementation of a risk management policy for the Company including identification therein of element of risk, if any, which in the opinion of the Board may threaten the existence of the Company

Additionally, Clause 49 of the Listing Agreement with Stock Exchanges, across its different sections, invariably lays greater stress on Risk Management bring one of the key functions of Board where responsibility is cast upon the Board to

- Review and guide risk policy
- Ensure that appropriate systems of control are in place, in particular, systems for risk management
- Ensure that, while rightly encouraging positive thinking, it does not result in over optimism that either lead to significant risks not being recognised or exposes the company to excessive risk
- Have ability to 'step back' to executive management by challenging the assumptions underlying risk appetite

We at NHC Foods Limited understand that controlling risks through a formal program is necessary for the well being of our organisation and everyone in it

To this end, the Board of Directors of the Company has formed an Risk management committee to identify the risk impacting the Company's business and formulate and administer policies /strategies aimed at risk minimisation and risk mitigation as part of risk management

Further, a Core Committee comprising senior management, has also been formed to identify and assess key risks and formulate strategies for mitigation of risk identified in consultation with the process owners

The Risk are broadly categorised into:

Risk Category	Description
Strategic Risk	<ul style="list-style-type: none"> • Market Strategy, Organisational growth – Market Penetration, Market Share, Loss of reputation • Globalisation and Technological obsolesce • Volatility in Commodity Market • Loss of Intellectual Property and Trade Secret • Uncertainty surrounding political leadership in Domestic and International Markets • Economic conditions of the Market, Global recession and Environmental Issues
Operational Risk	<ul style="list-style-type: none"> • Consistent Revenue Growth • Cost Optimization • Manpower Retention • Disaster Management and Data Security • Insufficient working capital management – High inventory
Compliance Risks	<ul style="list-style-type: none"> • Ensure stricter adherence to laws/rules/regulations/standards • Adherence of Company Policies and Procedures
Financial and Reporting Risks	<ul style="list-style-type: none"> • Volatility in Currency, funding & Credit risk • Maintaining high standards of Corporate governance and public disclosures

In adherence to the present regulatory mandates described hereinabove, the Enterprises Risk Management Committee of the Board of Directors of the Company shall, through the Core committee, formed for the purpose,

- Ensure an organisation relevant and perpetual Risk Management framework for identifying, assessing, responding to, monitoring or controlling and reporting risks.
- Apply an organised, through approach to effectively anticipate and mitigate the probable or realistic risks that could endanger achievement of key objectives
- Ensure systematic risk evaluation, categorization, and prioritization thereof to assign relative importance to identified risks to determine where appropriate management attention is required.
- Practice the highest level of control measures by installing mechanisms and tools, with involvement of all process owners across the organisation, to ensure that all applicable legal, regulatory, and business requirements are up-to-date and met
- Develop alternative/recommended courses of action for critical risks and control the probability of occurrence of the risk, keeping ready contingency plans for selected risks where the consequences of the risks are determined to be high
- Review the activities, status and result of the Risk Management Process on a periodic and event –driven basis with appropriate levels of management and resolve issues i.e. gauging potential risk exposure and addressing the same with appropriate corrective action.
- Obtaining, wherever required or desirable, the advice, opinion and assistance from outside legal, accounting, or other advisors, as necessary, to aid informed decision making