

RISK MANAGEMENT POLICY

of

KORE FOODS LIMITED

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1. BACKGROUND

Kore Foods Limited (the Company) is engaged in the manufacturing of a range of food products. The business activities of the Company are exposed to various internal and external risks.

'Risk' is a literal term and can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal or external and are inherent in all administrative and business activities. Every member of any organization continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called Risk Management.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/ or impact of uncertain events or to minimize the realization of opportunities. Risk Management also provides a system for the setting of priorities when there are competing demands on limited resources.

Effective Risk Management requires:

- A strategic focus
- Forward thinking and active approach to management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realized.

In today's challenging and competitive environment, strategies for mitigation inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, Competition, Business Risk, Technology, Obsolescence, return on investment, business cycle, increase in price and costs, limited resources, retention of talent etc.

2. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organization. The new Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have incorporated various provisions in relation to Risk Management Policy, procedure and practices.

The Provisions of Section 134 (3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain a statement indicating development and implementation of a risk management policy of the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

Further, The provisions of Section 177 (4) (vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a 'Risk Management Policy' (this Policy) of the Company.

3. PURPOSE AND SCOPE OF THE POLICY

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risk associated with the Company's business. In order to achieve the key objective, this Policy establishes a structure and disciplined approach to Risk Management, in order to guide decisions of risk related issues.

The specific objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the company's risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

4. APPLICABILITY

This Policy applies to all areas of Company's operations.

5. KEY DEFINITIONS

- **Risk Assessment -**
The systematic way of identifying and analyzing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.
- **Risk Management -**
The systematic way of protecting business resources and income against losses so that the objective of the Company can be achieved without unnecessary interruption.
- **Risk Management Process -**
The systematic application of management policies, procedures and practice to the tasks of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risk.

6. RISK FACTOR

The objective of the Company are subject to both external and internal risks that are enumerated below:

- **External Risk Factors**
 - Economic, Environment and Market conditions
 - Political Environment
 - Competition
 - Revenue Concentration and Liquidity aspects
 - Inflation and Cost structure
 - Technology Obsolescence
 - Legal

- **Internal Risk Factors**

- Operational Efficiency
- Hurdle in optimum use of resources
- Quality assurance
- Environmental Management
- Human Resource Management
- Culture and Values

7. RESPONSIBILITY FOR RISK MANAGEMENT

Generally every staff member of the Organization is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk Management processes should be integrated with other planning processes and management activities.

8. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and the Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with organization's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executives considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regard and action taken or proposed resulting from those reports.

9. REVIEW

The Board shall review the policy from time to time, to ensure it meets the requirements of legislation and the needs of the organization.

10. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.