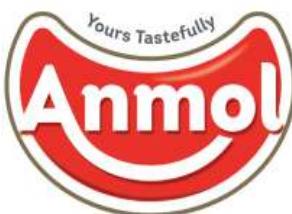


ANMOL INDUSTRIES LIMITED



RISK MANAGEMENT POLICY

(Version 2.0)

(As adopted by the Board on 24.02.2018)

ANMOL INDUSTRIES LIMITED

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1. BACKGROUND

Anmol Industries Limited (AIL), a limited company incorporated under the Companies Act, 1956 (now within the meaning of Companies Act, 2013) and having its registered office at 229, A. J. C Bose Road, Kolkata 700020 is engaged in the manufacture and selling of biscuits, cakes, Cookies and other packaged food products, in its portfolio, throughout India with focus on certain geographies. The business activities of the Company carry various internal and external risks.

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and 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 as 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 maximize 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, *inter-alia*, 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.

This document lays down the framework of Risk Management at Anmol Industries Limited (hereinafter referred to as the 'Company' or 'AIL') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company including the ones which may threaten the existence of the Company. It also provides guidelines to define, measure, evaluate, report, control and mitigate the identified risks.

2. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles which aims to improvise the governance practices across the business activities of any organization. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. The Companies Act, 2013 has also incorporated various provisions in relation to Risk Management policy, procedure and practices which include:

Section 134(3)

There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include-

- (n) a statement indicating development and implementation of a risk management policy for 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.

Section 177(4) stipulates

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include-

- (vii) evaluation of internal financial controls and risk management systems.*

Schedule IV

[Section 149(8)]

Code for Independent Directors

II. Role and functions:

The independent directors shall, amongst others-

- (1) *help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;*
(4) *Satisfy themselves on the integrity of financial information and that financial control and the systems of risk management are robust and defensible;*

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

3. PURPOSE, SCOPE AND APPLICABILITY

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 risks associated with the Company’s business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management.

This Policy shall come into force with effect from the Financial Year 2017-2018.

The specific objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, 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. DEFINITIONS

- a) “**Company**” means Anmol Industries Limited, a Company constituted under the provisions of Companies Act, 1956.

- b) “**Board of Directors**” or “**Board**” in relation to a Company, means the collective body of Directors of the Company (Section 2(10) of the Companies Act, 2013).
- c) “**Policy**” means Risk Management Policy.

5. **POLICY**

Before proceeding to the policy, attention is drawn to the roles that the Board is required to play under the above regulation governing Risk Management:

- a) **Risk Management**

The Risk Management Policy will be implemented through the Board of Directors.

- b) **Purpose**

The purpose of this Policy shall be to assist the Board with regard to the identification, evaluation and mitigation of operational, strategic, environmental and external risks.

The Board shall:

- (i) Organize to hire services that will enable identification of all risks which may threaten the existence of the Company and may also hire services for identification of risks, review, reporting and monitoring of the same. In other words, it can take advice and assistance from internal or external legal, accounting or other advisors.
- (ii) Overall monitor and approve the risk policies and associated practices of the Company.
- (iii) Review and approve risk disclosure statements in any public documents or disclosures.
- (iv) Evaluate the efficacy of Risk Management Systems – Recording and Reporting.
- (v) Contributing towards more efficient use/allocation of the resources within the organization.
- (vi) Define internal control measures to facilitate smooth functioning of the risk management system.
- (vii) Ensure periodic review of operations and contingency plans

The Audit Committee shall:

- (i) Evaluate the effectiveness of the Risk Management Framework and the Risk Management Systems.
- (ii) Review and recommend changes to the Risk Management Policy and/ or associated frameworks, processes and practices of the Company.

- c) **Reporting**

Yearly reporting of risks, their exposure and the risks mitigation plan devised should be presented to the Board.

d) Constitution of Risk Management Committee

Presently the following persons jointly constitute the Risk Management Committee of the Company, which may be changed by the Board of Directors from time to time:

- (i) Mr. Bimal Kumar Choudhary, Managing Director;
- (ii) Mr. Vikash Choudhary, Director – Operation , Senior Managerial Personnel;
- (iii) Mr. Gobind Ram Choudhary – Managing Director;
- (iv) Mr. Ankit Choudhary – Director International Trade, Senior Managerial Personnel;
- (v) Mr. Sunil Choudhary – Director Procurement, Senior Managerial Personnel;
- (vi) Mr. Poonam Chandra Tibrewal, Chief Financial Officer;
- (vii) Other Executive Directors (includes both present & future).

The Committee shall ask the report/ information/ presence of other SMPs, KMPs and the Internal Auditors of the Company, whenever required, for getting the appropriate, necessary and suitable data for the said purposes.

6. RISK MANAGEMENT PROCEDURE

The Company is required to maintain procedures to provide the systematic view of the risk faced by the Company in the course of its business activities. The key risk management process would include:

- a) Risk identification
- b) Assessment of identified risk
- c) Risk measurement
- d) Risk mitigation
- e) Monitoring of the risk mitigation efforts
- f) Risk reporting and disclosures
- g) Integration with strategy and business plan

7. RISK FACTORS

The business of the Company is subject to risks that are external and internal as enumerated below. This is an illustrative list and not necessarily an exhaustive classification.

Internal Risk Factors

A. Raw Material & Input Risk: The Company uses [cooking gas/electricity] to fuel their ovens for baking. Increasing fuel prices could result in increased operating costs and thereby adversely affect margins, profitability and results of operations. Moreover, bakery products are of a perishable nature, if the Company do not manage inventory levels effectively, operating results may be adversely affected.

B. Business Risk: The Company outsources a part of their manufacturing of products to contract manufacturers and any disruption or interruption in their operations, or their inability to manufacture the bakery products to the Company's quality standards, would have a material adverse affect on Company's business, financial condition and results of operation. Moreover, failure by transportation providers to deliver products on time could result in lost sales.

- C. **Operational Risk:** Any disruption in the operation at any of the facilities where bakery products are manufactured could affect the operations. Virtually all finished products inventory is located in warehouse facilities and any damage or disruption at these facilities would have an adverse effect on the Company's business, results of operations and financial condition.
- D. **Personnel Risk:** The Company is highly dependent upon availability of skilled and semi-skilled labor. Any labor problem could adversely affect the Company's results of operation and financial condition. Moreover, the dependence on a number of key personnel and the loss of such persons, or inability to attract and retain key personnel in the future, could adversely affect the Company.
- E. **Quality Risk:** The Company could be adversely affected by instances of food-borne illness, as well as widespread negative publicity regarding food quality, illness, injury or other health concerns.
- F. **Legal Risk:** The Company requires a number of approvals, licenses, registrations and permits for business, and the failure to obtain or renew them in a timely manner may adversely affect its operations.
- G. **Technology Risk:** Consumer preferences for products are difficult to predict and may change, and if Company is unable to respond quickly to new trends and technological developments, its business may be adversely affected.

External Risk Factors

- A. **Economic, Environment and Market Risk:** Market share and business position may be adversely affected by economic, environmental and market factors, some of which are beyond the Company's control.
- B. **Political Risk:** There could be political, economic or other factors that are beyond control but may have a material adverse impact on the Company's business and results of operations should they materialize.
- C. **Competition:** The Company faces significant competition from manufacturers of bakery products in the organized and unorganized sectors. Any failure to compete effectively may have a material adverse effect on its business and operations.
- D. **Reputation Risk:** The use of "Anmol" or similar trade names by third parties may result in loss of business to such third parties, and any potential negative publicity relating to such third parties may adversely affect reputation, the goodwill of brand and business prospects. Also Company's failure to protect proprietary information about its bakery products, recipes, pricing or launch information could adversely affect its competitive position.
- E. **Regulatory Risk:** The operations are highly regulated in the areas of health and food safety and Company may be subject to the risk of incurring compliance costs and the risk of potential claims and regulatory actions. Also if more stringent labor laws or other

industry standards in India become applicable to the Company, its working may be adversely affected.

F. **Foreign Exchange Fluctuation Risk:** Exchange rate of the Indian Currency may be adversely affected by economic and market factors, some of which are beyond the Company's control may affect the FCNR Loans, Import and Outward Payments and Export Proceeds.

8. REVIEW/AMENDMENT

This policy shall evolve by review from time to time as may be necessary to ensure it meets the requirements of legislation and the needs of organization. This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company.

The Company reserves its right to amend or modify this policy at any point of time if it deems fit to do so for the betterment of the Company.

9. PUBLICATION

This Policy will be available on the Company's website and the key features will be published in the annual report.
