



MKC AGRO FRESH LIMITED

RISK MANAGEMENT POLICY

M K C AGRO FRESH LIMITED

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For MKC AGRO FRESH LIMITED


Director

RISK MANAGEMENT POLICY

1. BACKGROUND

M K C Agro Fresh Limited (“the Company”) is engaged in the business of trading of fresh fruits. The business activities of the Company carry various internal and external risks. The Board of Directors of M K C Agro Fresh Limited has adopted a Risk Management Policy (“the Policy”) in compliance with the requirements of Section 134 of the Companies Act, 2013 (“the Act”) and Regulation 17(9) and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

‘Risk’ is the effect of uncertainty on objectives. Risk is measured in terms of consequences and likelihood. Risk can be internal and external and are inherent in all administrative and business activities. Every member of the 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.

‘Risk Management’ is a set of coordinated activities to direct and control an organization with regard to risk. It 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.

Effective risk management requires:

- ❖ A strategic focus,
- ❖ Forward thinking and active approaches 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 dynamic, challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the company are essential.

2. CONSTITUTION OF RISK MANAGEMENT COMMITTEE

The Board has authority to reconstitute the Risk Management Committee from time to time as it deems appropriate.

3. OBJECTIVE AND SCOPE OF THE POLICY

The main purpose 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, in order to guide decisions on risk related issues.

The specific objectives of this policy are:

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- ❖ 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. APPLICABILITY

This policy applies to all areas of the Company's operations.

5. KEY DEFINITIONS

❖ **Risk Assessment -**

The risk assessment is the overall process of risk analysis and risk evaluation. It allows an entity to consider the extent to which potential risk events have an impact on achievement of objectives.

❖ **Risk Management –**

The systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

❖ **Risk Management Process**

The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risk.

6. RISK FACTORS

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

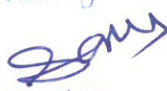
❖ **External Risk Factors**

- Economic Environment and Market conditions
- Political Environment
- Competition
- Revenue Concentration
- Inflation and Cost structure-

Inflation is inherent in any business and thereby there is a tendency of costs going higher.

- Legal-

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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, the Company is exposed to legal risk.

➤ Fluctuations in Foreign Exchange

❖ **Internal Risk Factors**

- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources
- Quality Assurance
- Environmental Management
- Human Resource Management
- Culture and values
- Project Execution

7. IMPERATIVES

Person holding position of managers and above must implement **M K C Agro Fresh Limited's** Principles of Risk Management as follows:

- **Accountability:** Identify and manage the risks that relate to their role;
- **Risk Appetite:** Determine the level of risk, after the implementation of controls, that they are prepared to accept such that there is no significant threat to achieving their objectives; and
- **Risk Mitigation:** Put adequate controls in place, and ensure that they are operational, in order to deliver their objectives.

All Business & Functional Heads must ensure that the risk management activities, as outlined in Company's Risk and Control Frameworks, are being undertaken in their areas of responsibility.

All leadership teams must complete an annual holistic risk discussion during which:

- Key business risks for which they are responsible are identified;
- How those risks are being managed is reviewed; and
- Any gaps in their desired risk appetite are identified.

For those risks where significant gaps have been identified, leadership teams must perform regular reviews and ensure risks are mitigated as desired. All project leaders of transformational projects must, together with their teams, identify the key risks associated with their project achieving its objectives. Risk mitigation plans must be prepared and progress reviewed with the project steering group.

8. RISK OVERSIGHT

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Board of Directors:


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The Board shall be responsible for framing, implementing and monitoring the risk

management plan for the Company. The Board shall on recommendation of the Risk Management Committee adopt the Risk Management Policy and critically review the risk governance and monitoring mechanism. The Board shall meet at least once in a year to review the top risks faced by the Company and the status of their mitigation plan.

Audit Committee:

The Audit Committee shall meet at least once in a year to oversee the risk management and internal control arrangements and shall also evaluate internal financial controls and risk management systems of the Company.

Risk Management Committee:

Risk Management Committee shall assist the Board in framing policy, guiding implementation, monitoring, and reviewing the effectiveness of Risk Management Policy and practices. The Committee shall act as a forum to discuss and manage key strategic and business risks.

9. 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.

10. COMPLIANCE AND CONTROL

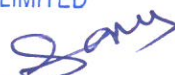
All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organization's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk.

11. POLICY REVIEW

- a) This Policy is framed based on the provisions of the Listing Regulations.
- b) In case of any subsequent changes in the provisions of Listing Regulations or any other applicable law which make the provisions in the Policy inconsistent with the Listing Regulations or any other applicable law, the provisions of the Listing Regulations and such law shall prevail over the Policy and the provisions in the Policy shall be modified in due course to make it consistent with the law.
- c) The Policy shall be reviewed once in every two years by the Risk Management Committee/ Board of Directors. Any changes or modification to the Policy shall be recommended by the Committee and be placed before the Board of Directors for approval.

12. EFFECTIVE DATE

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This Policy shall be effective from the date of approval by the Board, unless specified otherwise.

13. AMENDMENT

The Board of Directors may in their discretion, make any changes/modifications and/or amendments to this Policy from time to time

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