



HINDUSTAN FOODS LIMITED

RISK MANAGEMENT POLICY



HINDUSTAN FOODS LIMITED

HINDUSTAN FOODS LIMITED (“HFL/the Company”) is one of the most diversified and trusted players in the space of contract manufacturing with over two decades of product development and manufacturing expertise. The Company considers ongoing risk management to be a core component of the Management of the Company, and understands that the Company’s ability to identify and address risk is central to achieving its corporate objectives.

The Company’s Risk Management Policy (“the Policy”) outlines the program implemented by the Company to ensure appropriate risk management within its system and culture.

The Policy is formulated in compliance with Regulation 17(9) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization.

‘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 setting of priorities when there are competing demands on limited resources.

RISK IDENTIFICATION

In order to identify and assess material business risks, the Company defines risks and prepare risk profiles in the light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company majorly focuses on the following types of material risks:

- Commodity Risk;
- Business Risk;
- Foreign Exchange Risk
- Technological Risk;
- Strategic Business Risk;
- Operational Risk;
- Quality Risk;
- Competition Risk;
- Realization Risk;
- Cost Risk;
- Financial Risk;



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- Human Resource Risks;
- Legal/Regulatory Risks.

OVERSIGHT AND MANAGEMENT

Board of Directors

The Board of Directors ('the Board') is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Senior Management. The Management may also refer particular issues to the Board for final consideration and direction.

Further, the Company is exposed to commodity risks on a routine basis due to multiple commodities (imported or domestically procured) utilized in its manufacturing operations. Such risks are managed by a detailed and regular review at a senior level of various factors that influence the commodity prices as well as tracking the commodity prices on a daily basis and entering into fixed price contracts with overseas suppliers in order to hedge price volatility.

Senior Management

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of the employees in implementing action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Risk Management Committee regarding the status and effectiveness of the risk management program.

Employees

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.



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RISK MANAGEMENT SYSTEM

The Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:

- Risk Management system is aimed at ensuring information of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.
- A combination of centrally issued policies and divisionally evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.
- Appropriate structures have been put in place to effectively address inherent risks in businesses with unique/relatively high risk profiles.
- A strong and independent Internal Audit Function at the corporate level carries out risk focused audit across all businesses, enabling identification of areas where risk managements processes may need to be improved. The Board reviews Internal Audit findings and provides strategic guidance on internal controls. Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

The combination of policies and processes as outlined above adequately addresses the various risks associated with our Company's businesses. The Senior Management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

AMENDMENT

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors shall have right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/ modification in the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

