



**POLICY FOR RISK MANAGEMENT
OF
MANORAMA INDUSTRIES LIMITED**

Revised on April 26,2025.

Registered Office: Office no. 701, 7th Floor, Bonanza Building, Sahar Plaza Complex, Andheri
Kurla Road, Andheri (East), Mumbai - 400059

INTRODUCTION

Manorama Industries Limited ("the Company") is engaged in the business of extracting premium ingredients from exotic seeds, nuts, and plant-based sources such as Sal seeds, Shea nuts, and Mango kernels. Our expertise encompasses the creation of innovative food ingredients, including functional cocoa butter equivalents (CBEs) tailored for chocolate, coating, and molding applications. The Company also develop custom fats and butter for filled chocolates, confectionery, dairy, bakery, and food service industries. The business activities of the Company is exposed to various internal and external risks.

Risk management is an integral component of good corporate governance and is fundamental for the achievement of company's strategic and operational objectives. It facilitates improved decision-making, identifies opportunities, and helps business tackle/ mitigate risk events that may impact stakeholder value (shareholders, employees, and other stakeholders).

The Company recognizes the contribution of effective and efficient risk assessment, views risk management as an integral part to its objective of creating and maintaining business continuity, shareholder value and successful execution of its strategies and considers risk management as a continuous process.

OBJECTIVE:

At Manorama Industries Limited, we believe that an effective Risk management process is the key to sustained business operations thereby protecting shareholders value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if occur in the lifecycle of the business activities.

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the Company's activities. 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 the opportunities.

In today's challenging and competitive environment, strategies for mitigating inherent administrative and business risks in accomplishing the growth plans of the Company are imperative. Effective Risk management requires:

- ✓ Identification of Risk
- ✓ Measurement of Risk for internal processes to control & mitigate Risk Monitoring and review of Risk
- ✓ Strategic focus
- ✓ Forward thinking and proactive approach
- ✓ Contingency planning for adverse situations or uncertainty

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 risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

- To ensure that all 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.

RISK GOVERNANCE AND OVERSIGHT

The Risk Governance and Oversight function comprises the Board, Risk Management Committee and Enterprise Risk Management Council, who will play a pivotal role in framing the ERM Policy and guidelines for the organization. The roles and responsibilities for teams constituting the Risk Governance and Oversight function as per the risk governance structure are as elaborated below:

ROLE OF THE BOARD

The Board will undertake the following actions to ensure risk is managed appropriately:

- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company.
- The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.
- Ensure that the appropriate systems for risk management are in place.
- The Independent Directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;
- Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks;
- Be satisfied that processes and controls are in place for managing less significant risks;
- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into Board reporting and annual reporting mechanisms;
- Convene any Board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

ROLE OF THE BOARD COMMITTEES

Risk Assessment and Minimization report shall be reviewed periodically by the Audit Committee and Risk Management Committee.

The Audit Committee and Risk Management Committee shall evaluate and ensure internal risk management process in the Company.

Risk assessment and information shall be communicated to the concerned risk owners on immediate basis.

Committees shall take any step/s required to mitigate the potential Risk.

RISK FACTORS:

Business Risk is a threat that an event or action will affect an enterprise's ability to maximize shareholder value and to achieve its business objectives. The objectives of the Company are subject to both external and internal Risks. The Risks can be broadly classified into:

Risk Category	Description
Strategic Risk	Market Strategy Political Environment Organizational Growth- Market Penetration, Market Share, Loss of reputation Globalization and Technological Obsolescence Inflation and Cost structure Volatility in Commodity Market Loss of Intellectual property and Trade secret Uncertainty surrounding political leadership in Domestic and International markets Economic condition of the market, Global recession and Environmental Issues Legal Competition Global Health Challenges/Pandemic
Operational Risk	Consistent Revenue Growth Cost Optimization Manpower retention Disaster Management and Data Security working capital Management Inventory Contractual Compliance Quality Assurance Health & Safety

Sustainability Risk	Environmental, Social and Governance ("ESG")
Compliance Risks- Law framed by Government of India, Chhattisgarh Government, Securities and Exchange Board of India, Reserve Bank of India, Institute of Chartered Accountant of India.	Ensure stricter adherence to laws /rules / Regulations/standards, Adherence of Company Policies and Procedure, Maintaining high standards of Corporate Governance and Public disclosures.
Financial Risks	Volatility in Currency, Foreign Exchange, interest, Funding & Credit Risk, sustaining effective financial relationships with customers and third parties.

Other than above, any other risk factor as may be assessed by the Risk Management Committee and/or Board as and when required.

RISK MANAGEMENT PROCESS:

To effectively manage uncertainty, respond to risks and exploit opportunities as they arise, the Company has implemented an ERM Framework which involves the following steps: -

- **Scope, Context and Criteria for risk process:** To manage risk management process effectively, it is important to define the scope of the risk management process and understand the internal and external context within the Company's risk appetite.
- **Risk Assessment:** As a part of comprehensive risk management, the Company needs to identify and assess risks that may affect its ability to achieve its strategy and business objectives. Risk assessment is the overall process that includes risk identification, risk analysis and risk evaluation.
 - a. **Risk Identification:** As a part of comprehensive risk management, the Company needs to identify and assess risks that may affect its ability to achieve its strategy and business objectives. Risk assessment is the overall process that includes risk identification, risk analysis and risk evaluation.
 - b. **Risk Analysis:** Risk Analysis involves identification of sources of risk, areas of impact events (including emerging trends) and their causes, and potential consequences on the achievement of business objectives. The purpose of risk analysis is to comprehend the nature of risk and its characteristics including contributing factors, impact, likelihood, velocity, controls, and their effectiveness.
 - c. **Risk Evaluation and Prioritization:** Risk evaluation involves comparing the results of the risk analysis (impact, likelihood, velocity) with the established risk criteria to determine where additional action is required considering effectiveness of existing controls. This would enable prioritization of risks, basis criticality, and help decide on the appropriate risk management strategy. Prioritization involves ranking the risks based on associated residual risk rating to identify key residual risks.
- **Risk Treatment:** Risk Treatment refers to mitigation plans developed towards reducing the probability of occurrence or the impact of risk event. Once the company has developed an understanding of its risk profile, it needs to determine if mitigation plans are required, especially in the case of Key Risks.

- **Risk Monitoring and Review:** Risk Monitoring and Review involves defining definite review forums and frequency for monitoring the status of risks to track them periodically. An important aspect of risk monitoring involves identifying and monitoring indicators or signals to sense occurrence of risk, known as “Key Risk Indicators” (KRIs). Frequency of reviews is defined to ensure that Key Risks at the Company level are reviewed, together with review of progress of mitigation plans.
- **Risk Reporting:** Risk reporting ensures that relevant risk information is available across all levels of the Company in a timely manner to provide the necessary basis for risk-informed decision-making. Annual updates are provided to the Board on the status of Key Risks and associated mitigation plans.

BUSINESS CONTINUITY PLAN:

Business Continuity Plans (BCP) are required to be defined for risks corresponding to High Impact and High Velocity to enable rapid response to address the consequence of such risks when they materialize. Business Continuity Planning shall be embedded in the Internal Controls and Crisis Management framework for areas like manufacturing units, sales offices, information technology function, etc. The internal crisis management committee shall be responsible for laying out crisis response mechanism, communication protocols, and periodic training and competency building on crisis management. The Crisis Management Committee shall also conduct periodic disaster recovery mock drills to ensure that the organization is prepared to manage any crisis event quickly for business continuity.

In line with the above requirement, the Board at the Board meeting held on June 14, 2021 constituted Risk Management Committee to identify and assess key risks and formulate strategies for mitigation of risks identified in consultation with the Board.

IDENTIFICATION AND RISK ANALYSIS:

Generally every staff member of the Company 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 mitigation strategies. Risk management processes should be integrated with other planning processes and management activities.

The "Risk Owners" shall be individual business process owners or business heads taking ownership for the control effectiveness, mitigation plan and will be responsible for the actual management of Risk. Their main roles and responsibilities includes:

- Identify Risks by participating in meetings and workshops
- develop initial level of controls & implement the controls/mitigation plan for both Operational & Functional Risks
- Reporting to the Risk Management Committee and ensure completeness and accuracy of such information on a half yearly basis

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 Organisation'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 Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from

those reports.

REGULATORY AND DISCLOSURE REQUIREMENTS:

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (hereafter referred to as "Listing Regulations") and as amended from time to time, have incorporated various provisions in relation to Risk Management Policy.

1. SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015

Since, the Company is listed on Bombay Stock Exchange and National Stock Exchange in India, it is required to comply by the standards laid down by the regulator, Securities and Exchange Board of India (SEBI). The following are the key requirements relating to risk management that are applicable to the Company.

- A. The Board of Directors shall have the following responsibilities with respect to risk management including:
- Review the Risk Policy **[Regulation 4 (2) (f) (ii) (1)]**
 - Ensure integrity of the Risk Management systems **[Regulation 4 (2) (f) (ii) (7)]**
 - The Board of Directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus. **[Regulation 4 (2) (f) (iii) (10)]**
- B. The listed entity shall lay down procedures to inform members of Board of Directors about risk assessment and minimization procedures. **[Regulation 17 (9) (a)]**
- C. The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. **[Regulation 17 (9) (b)]**
- D. Constitution of Risk Management Committee:

Pursuant to the **Regulation 21** of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, and amendment thereto the Risk Management Committee shall be constituted by the Company consisting minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. The constitution of Risk Management Committee shall be compulsory if the Company falls under top 1000 listed entities as per market capitalisation. The Board shall define the roles & responsibilities of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

- E. Risk Management Committee (RMC) has the following roles and responsibilities **[Part D of Schedule II]**:
- Formulate a detailed Risk Management policy, which would include:
 - i. Measures for risk mitigation, including systems/processes for internal control of identified risks.
 - ii. A Business Continuity Plan
 - iii. A framework for identification of internal and external risks faced by listed entities, including financial, operational, sectoral, sustainability (particularly Environment Sustainability and Governance - ESG -related risks), information, cybersecurity risks and any other risk determined by the RMC.
 - Monitor and oversee implementation of the risk management policy, and ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the company.
 - Periodically review the policy, at least once in two years, considering the changing industry dynamics and evolving complexity.
 - Keep the board of directors informed about the nature and content of RMC

- discussions and recommendations, as well as the actions to be taken.
- Review the process of appointment, removal, and terms of remuneration of Chief Risk Officer (CRO), if any.
- RMC shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it is considered necessary. [Regulation 21, (6)]
- Listed companies are required to disclose the following about RMC in the annual report (Schedule V, Para C, 5A):
 - a. Brief description of terms of reference
 - b. Composition, name of members and chairperson
 - c. Meetings and attendance during the year

2. Companies Act, 2013

Companies in India are required to comply by the standards laid down by the (Companies Act 2013). Following are the requirements related to Risk Management as per Companies Act, 2013:

- Report by its Board of Directors, which shall include 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 134 (3) (n)]**
- The 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. **[Section 177 (4) (vii)]**
- Independent directors should satisfy themselves that the systems of risk management are robust and defensible. **[Schedule IV]**

APPLICATION:

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

POLICY REVIEW:

This Policy shall be reviewed by the Risk Management Committee and the Board periodically at least once in two years, including by considering the changing industry dynamics and evolving complexity

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