

SKM EGG PRODUCTS EXPORT INDIA LIMITED

RISK MANAGEMENT POLICY

Back ground

SKM is an integrated quality manufacturer and supplier of egg products in the international market. SKM is a committed player who uses their in-depth knowledge and experience to meet customer's unique needs in the process building an innovative, service oriented company. The business activities of the Company carry various types of internal and external risks.

'Risk' means uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks which can be both internal and external and are inherent in all administrative and business activities. Every staff of any organisation continuously manages various types of risks. 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 realisation 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 approaches to management

Balance between the cost of managing risk and the anticipated benefits, and

Contingency planning in the event that critical threats are realised.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are essential. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, return on investments, business cycle, market fluctuation, increase in price and costs, limited resources, retention of talent, etc.

Legal framework

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improve the governance practices across the business activities of any organisation.

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 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. 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.

Based on the above requirements, the company is required to frame and adopt a "Risk Management Policy" (this Policy) of the Company

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 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:

To ensure that all the current and future material risk exposures of the Company

To establish a framework for the company's risk management process and

To ensure its implementation.

To enable compliance with appropriate regulations, wherever applicable,

To adopt best practices.

To assure business growth with financial stability.

APPLICABILITY

This Policy applies to all areas of the Company particularly operations.

DEFINITIONS

Risk Assessment

The systematic process of identifying and analysing 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 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, analysing, evaluating, treating, monitoring and communicating risk.

RISK FACTORS

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

External Risk Factors

Economic Environment and International Market conditions

Political Environment

Competition

Revenue Concentration and liquidity

Internal Risk Factors

Contractual Compliance

Operational Efficiency

Hurdles in best use of resources

Quality Management

Environmental Management

Human Resource Management

RESPONSIBILITY FOR RISK MANAGEMENT

Generally every employee of the Organisation 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.

COMPLIANCE AND CONTROL

All the Senior people under the guidance of the Chairman and Managing Director and Board of Directors has the responsibility for supervising 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 People considers and assesses the appropriateness and effectiveness of management information in this regards and action taken or proposed resulting from those reports.

REVIEW

This Policy shall be reviewed now and then to ensure it meets the requirements of Act/legislation and the needs of organization.

AMENDMENT

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