

# **VIDHI SPECIALTY FOOD INGREDIENTS LIMITED**

**(FORMERLY KNOWN AS VIDHI DYESTUFFS MANUFACTURING LIMITED)**

## **Risk Management Policy**

**Vidhi Specialty Food Ingredients Limited**

**(Formerly known as Vidhi Dyestuffs Manufacturing Limited)**

**CIN: L24110MH1994PLC076156**

**Regd. Off: E/27, 5th Floor, Commerce  
Centre, 78, Tardeo Road,  
Mumbai - 400034**

**Tel: +91 22 - 6140 6666**

**Fax: + 91 22 - 2352 1980**

**Website: [www.vidhifoodcolour.com](http://www.vidhifoodcolour.com)**

## **BACKGROUND**

Vidhi Specialty Food Ingredients Limited (Formerly known as Vidhi Dyestuffs Manufacturing Limited) (“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 outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

## **LEGAL FRAMEWORK**

Risk Management Policy is in compliance with the Clause 49 of Listing Agreement (as amended by Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and provisions of Companies Act, 2013, which requires the Company to lay down procedures about risk assessment and risk minimization.

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

i) The Board of Directors of the Company at their meeting held on 14<sup>th</sup> November, 2015 has approved this policy.

ii) Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the from time to time.

## **RISK MANAGEMENT PROGRAM**

The Company’s risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company’s Board of Directors (Board), to oversee and manage the risk management program, while conferring responsibility and authority on the Company’s senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company.

Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

The key elements of the Company's risk management program are set out below.

## **RISK IDENTIFICATION**

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in 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 presently focuses on the following types of material risks:

- technological risks;
- strategic business risks;
- operational risks;
- quality risk;
- competition risk;
- foreign exchange risk;
- realization risk;
- cost risk;
- financial risks;
- human resource risks; and
- legal/regulatory risks.

## **OVERSIGHT AND MANAGEMENT**

### **BOARD**

The Board is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by the senior management. The management may also refer particular issues to the Board for final consideration and direction.

### **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 employees in implementing the 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 Board 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.

## **REVIEW OF RISK MANAGEMENT PROGRAM**

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board and senior management aims to ensure the specific responsibilities for risk management are clearly communicated and understood. The reporting obligation of senior management and ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, senior management and employees responsible for its implementation.

## **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 consist of the following elements:

- Risk Management system is aimed at ensuring formulation of appropriate risk management policies and procedures.
- 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.

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 of the Company. The Board of Directors shall have the 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

Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

#### **COMMUNICATION OF THIS POLICY**

This Policy shall be posted on the website of the Company <http://www.vidhifoodcolour.com/>

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