RISK MANAGEMENT POLICY

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1. Objective and Scope of Policy

LT Foods Limited ("LT Foods/ Company") believes risk is embedded in business in the current environment. Effectively managing risk is a competitive necessity and an integral part of creating shareholder value through good business practices designed to ensure that LT Foods achieves its strategic, business and governance objectives, and protects its corporate reputation, values, and integrity. In order to achieve the key objective, The Company's Risk Management Policy (the Policy") establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues:

This policy has been specifically designed, to achieve the following objectives:

- To identify risk, develop appropriate risk mitigation strategies and policies and to monitor risk in operations and activities of the Company.
- To highlight the systematic study safeguards against threats, loss and damages of brand, reputation, and assets of the Company.
- 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 enable compliance with appropriate regulations.

At LT Foods, a principal risk is defined as the uncertainty and changes in the internal and external environment which have negative impact on the achievements of LT Foods' strategic or major business objectives or which act as hindrance in capitalizing on opportunities.

2. Applicability

This policy applies to all the subsidiaries and associates of the LT Foods Limited.

3. Legal framework

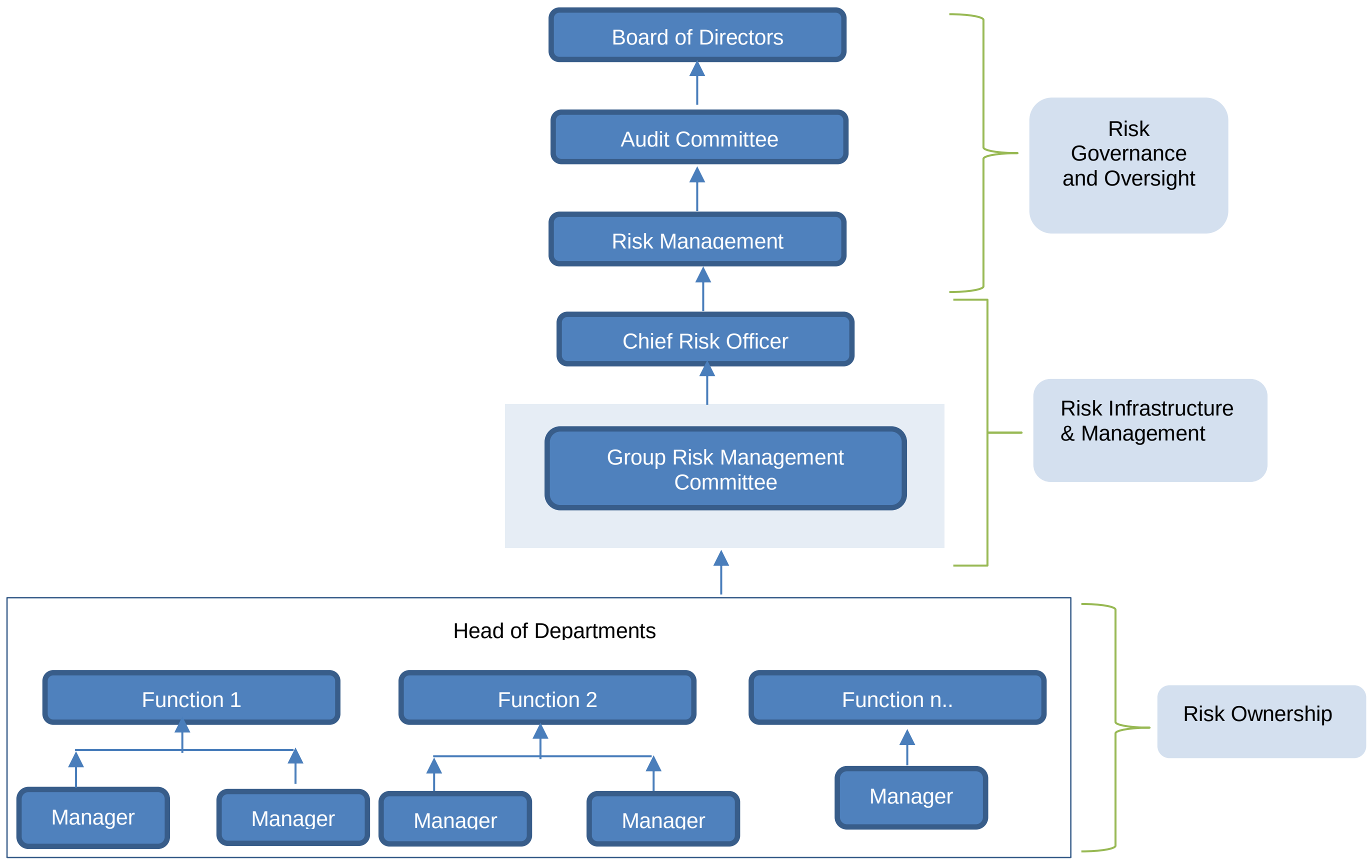
The Policy is formulated in compliance with

i. Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") read along with Part D of Schedule II and;
ii. The Companies Act, 2013 ("the Act"), which requires the Company to lay down procedures about risk assessment and risk minimization

Detailed text of regulatory requirement is given in the Appendix 2.

4. Governance Structure

The Company has established three levels of risk management responsibilities in its Governance structure as Risk Oversight, Risk Infrastructure and Management and Risk Ownership.



Board of Directors: The Board shall be responsible for defining the risk management strategy and objectives, overseeing the implementation of the risk management process and setting the tone and culture towards effective risk management.

Audit Committee: Audit Committee shall be entrusted with the responsibility of periodic evaluation of risk management program and provide insight and direction to the risk management committee. The audit committee would have an oversight of the management of Operational and Financial Risks faced by the Company. For this, the audit committee would rely on the Internal Financial Controls and Internal Audit mechanism put in place by the Company.

Risk Management Committee: Risk Management Committee (RMC or the 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.

Chief Risk Officer: shall be accountable to design and implement risk management processes within the organization. They would support in identifying high priority risk, defining the right mitigation strategies and review the status of its mitigation plan on periodic basis.

Risk Ownership: The final ownership of risk identification, monitoring and mitigation shall rest with the respective Head of Departments (HOD). The HODs of various business units shall accept the risk of their respective areas and own the risk management plan of their unit.

The risk owner may further delegate the mitigation strategies and action plans down the hierarchy to ensure ground level implementation of the mitigation action plans.

5. Constitution of Risk Management Committee

Preamble:

i. The Board of Directors of the Company shall form a Risk Management Committee (hereinafter referred to as "Committee") who shall periodically review this Policy of the Company so that the Management controls the risk through properly defined Governance Structure. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.
ii. The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day to day basis. The Risk Management Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

Composition:

The Committee shall comprise at least three members with majority of them being the members of the Board of Directors including at least one Independent Director. The Chairperson of the Committee shall be a member of the Board of Directors.

The Company Secretary acts as the Secretary to the Committee.

Meetings and Reporting:

The Risk Management Committee shall meet at least twice in a year and not more than 180 days shall elapse between two consecutive meetings.

The Quorum for the meeting of the Committee shall be a minimum of two members or one-third of the Members of the Committee, whichever is higher, including at least one member of the Board in attendance.

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.

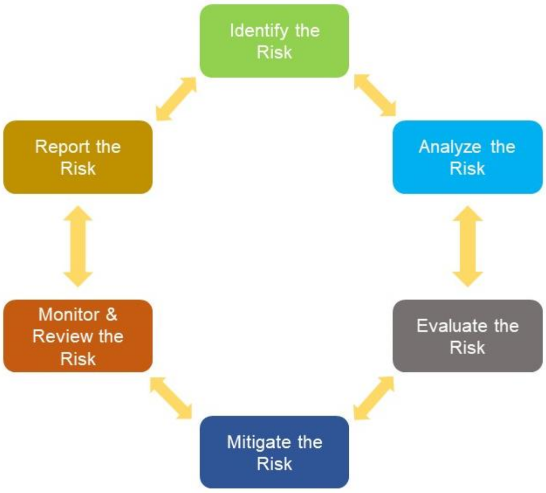
Risk Management Committee shall report the outcome of all its meetings to the Board periodically. Risk Management Committee shall work closely with the Audit Committee in assessing the risk management system of the Company.

Responsibilities & Authority of the Committee

- To formulate a detailed risk management policy which shall include:
  a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  c) Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- The Risk Management Committee shall coordinate its activities with other committees.
- The Risk Management Committee 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 considers necessary.

6. Risk Management Process

Whether risks are external / internal to the Company, or can / cannot be directly influenced / managed, they are addressed by a common set of processes through the risk management process.



The following stages are involved in the risk management process:

- **Identify the Risk:** Risk owners identify the risk involved in their respective department / unit that might affect the achievement of the objectives of the company.

- **Analyze the Risk:** Once risks are identified, risk owner determines the nature, likelihood and its potential effects on the business goals and objectives. The process of assessment is based on two parameters – risk impact and risk likelihood. These are rated in terms of High, Medium and Low scales. (detailed criteria given in the Appendix 1)

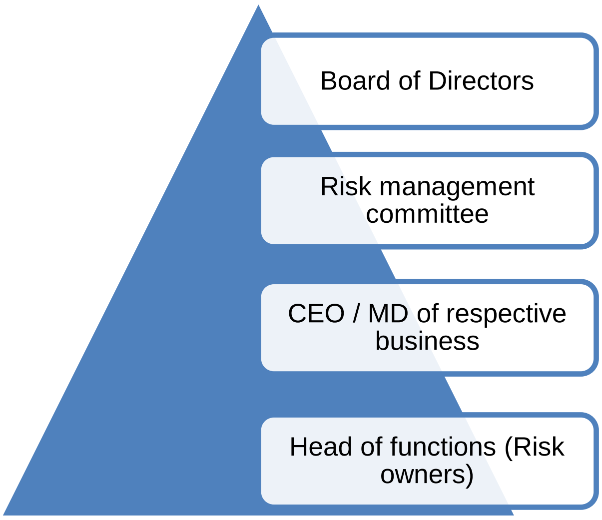
- **Evaluate the Risk:** Risk owner shall evaluate the risk by determining the risk magnitude, which is the combination of likelihood and consequence. Make decision about whether the risk is acceptable or whether it is serious enough to warrant treatment.

- **Mitigate the Risk:** Involves design and implementation of activities that help manage risks to an acceptable level. Risk owners assess the existing competency of management processes to mitigate risks and make improvements thereto.

- **Monitor and Review the Risk:** All the Key KPIs depicting the risks, their mitigation plans and the impacts on the organization to be analyzed as a part of monthly Business Review Meeting (BRM). A dedicated slide to be formed part of the BRM Deck.

- **Report the Risk:** the risk profile and effectiveness of implementation of mitigation plans shall be updated in Half-yearly basis to the Risk Management Committee, Audit Committee and Board of Directors on annual basis.

The review mechanism and structure as stated below:



Review Frequency	Purpose
Annually	Present mitigation work progress, KPIs, raise concern
Half Yearly	Present mitigation work progress, KPIs, raise concern
Every Month	Show progress of mitigating activities and seek guidance from CEO for further improvement
On-going Basis	Work on strengthening the process and mitigate the risk OR Redesign the risk

7. Assurance (IA Team)

As an additional means of reassurance, the Board / Risk Committee of LT Foods may direct the Assurance team (Corporate Risk Team / Internal Audit team / 3rd parties) to provide an independent report on the efficacy with respect to certain risks and implementation of the Risk Management Policy. Accordingly, the IA team shall seek inputs from the respective process owners on the risks that it should consider for independent reporting and assurance as part of its Annual Audit Plan.

8. Policy Revision

Risks are ever changing in this volatile business environment and hence there is a need to periodically revisit the approach towards Risk management. Therefore, this policy shall be reviewed at least once in two years. Any revision to the policy shall be incorporated with the approval of Risk Management Committee and Board of Directors.

APPENDIX 1

(Risk rating criteria)

Risk Rating Guidelines

The Risk Rating guidelines, is a key element of the risk management framework seeks to establish the standard for prioritizing the risk based on the assessment of the following:

Risk Appetite: This refers to the amount and type of risk and organization is willing to pursue to retain i.e., the acceptable level of risk before consideration of actions plans to mitigate the risks.

The acceptable level is to be determined at an aggregate level within the organization considering the long-term objectives.
The factors which impact determination of the risk appetite includes, the competitive environment, industry, regulations, culture the long-term capability and financial strength.

Risk tolerance: This refers to the level of risk an organization can accept at an individual risk level. It takes into consideration the resources and controls put in place to mitigate the individual risk event.

Consideration of Risk appetite and tolerance levels determines the "Risk Attitude" i.e., the organization's approach to assess and eventually pursue, contain, transfer, or ignore the risk.

Below are the guidelines for consideration of risk appetite. The guidelines use an aggregate model approach at a risk group or profile level with a rating scale of 1-3

3	Aggressive approach to undertake risks & leverage future opportunities resulting in very high-risk appetite
2	Not so aggressive approach to undertake risks & leverage future opportunities resulting in not high-risk appetite i.e., a moderate risk appetite
1	Passive approach to undertake risks to leverage future opportunities resulting in non-tolerance. i.e., a low-risk appetite

Management at LT Foods has considered to be in Level 3 of the profile.

Risk rating criteria guidelines – Impact

Impact: Extent to which risk event might affect the company. Below is the Impact criteria definition

Risks Groups	**Extreme (5)**	**Very High (4)**	**Moderate (3)**	**Minor (2)**	**Insignificant (1)**
Strategic	Strategy which could severely affect business across geographies / Value chain	Strategy which could severely affect business in a particular geography / Value chain	Strategy which could moderately affect business in a particular geography / Value chain	Minor Strategy which could moderately affect business in a part of a geography / Value chain	Minor Strategy which could insignificantly affect business in a particular part of a geography / Value chain
	OR	OR	OR	OR	OR
Financial	Negatively impact profit after tax by more than 10% (i.e. INR 30 crores)	Negatively impact profit after tax by more than 5% to 10% (i.e. INR 15-30 crores)	Negatively impact profit after tax by more than 3% to 5% (i.e. INR 9-15 crores)	Negatively impact profit after tax by more than 1% to 3% (i.e. INR 3-9 crores)	Negatively impact profit after tax by less than 1% (i.e. less than INR 3 crores)
	OR	OR	OR	OR	OR

Operations	Direct impact on continuity of operation site or direct impact on health and safety of employees	Impact on project resulting in shut down for considerable time or indirect impact on health and safety of employees	Impact on project resulting in shut down for moderate duration time or no major impact on health and safety of employees	Significant impact on project but no shut down of operations / impact on continuity of operations	Impact on project operations but no tangible loss to the project.
	OR	OR	OR	OR	OR
Compliance	Possible levy of penalty and imprisonment	Possible levy of significant level of penalties	Possible levy of interest / penalty due to non-compliance	Procedural non-compliance leading to insignificant amount of interest / penalty	Procedural non-compliance not leading to interest / penalty
	OR	OR	OR	OR	OR
Political / Policy	Direct impact on continuity of operations or negative impact on profit by 10%	Direct impact on continuity of operations (considerable term) or negative impact on profit by 5% to 10%	Direct impact on continuity of operations (medium term) or negative impact on profit by 3% to 5%	Direct impact on projects (but no impact on continuity) or negative impact on profit by 1% to 3%	Negatively impact on profit by 1% to 3%

Likelihood: The possibility that a given risk even will occur. Below is the Impact criteria definition:

Rating	Score	Probability		
Certain	5	Very high, will be almost a routine feature every month within the immediate next year	Over 80%	Similar instances have commonly occurred every month in the past
Likely	4	High, may arise several times within the immediate next year	50% to 80%	Similar instances have occurred several times in the past year
Possible	3	Possible, may arise once to twice within the immediate next year	10%to 49%	There have been 1 or 2 similar instances in the past year
Unlikely	2	May occur once or twice in the next 2 years	5% to 9%	Though not routinely, but there have been similar instances in the last 2 to 5 years
Rare	1	Not likely, almost impossible to occur between year 2 (from now) to 5 years	Less than 5%	Similar instances have never occurred in the past

Scoring Map

Probability	**Insignificant (1)**	**Minor (2)**	**Moderate (3)**	**Very High (4)**	**Extreme (5)**
Almost certain (5)					
Likely (4)					
Possible (3)					
Unlikely (2)					
Rare (1)					

Risk Score = Impact x Likelihood	
15 or more	Catastrophic
10 to 14	Significant
5 to 9	Material
Less than 5	Insignificant

Format of Risk Register

The Management shall establish a template for each section to develop their Risk Register. The template could be viewed as a single sheet, which shows the following fields (or headings). Completion of the Risk Register in below format will allow review by senior management.

- Risk Identification Number
- Risk Category
- Risk Title
- Risk Statement (a short description of the foreseeable risk)
- Likelihood rating (estimate of likelihood of occurrence)
- Impact rating (potential consequence to people, the environment and/or Company operations etc.)
- Mitigation plan
- Action Plan (for residual risk)
- Risk Owners

Risk Identification				Risk Assessment				
Risk ID	Area	Risk Title	Risk Statement	Mitigation Plan	likelihood Rating	Impact Rating	Exposure Rating	Risk Owner

APPENDIX 2

REGULATORY REQUIREMENTS

SEBI LODR REGULATIONS 2015 AND SECOND AMENDMENT (2021)

1. The Board of directors of the listed entity shall have the following responsibilities with respect to risk management:

    - 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 ensure that, while rightly encouraging positive thinking,
    - these do not result in over-optimism that either leads to significant risks not being
    - recognized or exposes the listed entity to excessive risk. [Regulation 4 (2) (f) (iii) (9)]

2. The listed entity shall lay down procedures to inform members of Board of directors about risk assessment and minimization procedures. [Regulation 17 (9) (a)]

3. The Board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. [Regulation 17 (9) (b)]

4. Risk Management Committee [Regulation 21]

    - The Risk Management Committee should have minimum three members with majority of them being members of the board of directors, including at least one independent director.

    - The Chairperson of the Risk Management Committee shall be a member of the board of directors and senior executives of the listed entity may be members of the Committee;

    - The Risk Management Committee shall meet at least twice in a year;

    - As provided under Part D of Schedule II, the responsibilities of Risk Management Committee include formulating of risk management policy, oversee implementation of the same, monitor and evaluate risks basis appropriate methodology, processes and systems and appointment, removal and terms of remuneration of Chief Risk Officer.

    - The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings;

    - The Risk Management Committee 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 considers necessary;

    - The Risk Management Policy shall include framework for identification of financial, operational, sectoral, sustainability (particularly, ESG related risks), information and cyber security risks, measures for risk mitigation including systems and processes for internal control and Business Continuity Plan.

THE COMPANIES ACT 2013

1. 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)]
2. Independent directors should satisfy themselves that the systems of risk management are robust and defensible. [Schedule IV]
3. 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) (vi)].