

## EMPEE DISTILLERIES LTD

### RISK MANAGEMENT POLICY

The key elements of the company's risk management framework comprise:

**Strategic review:** Each business prepares a strategic overview taking into account existing and prospective market environments vis-a-vis its competitive position.

**Business reviews:** Thereafter, the company reviews how its strategy is translating into financials as well as the risks that could potentially affect their achievement leading to proactive mitigation.

**Budget and financial plans:** Each business prepares budgets and financial plans after accounting for associated risks.

**Capital expenditure authorization approval:** All significant capital expenditure undertaken by the company is subject to a formal authorisation process, which involves evaluation of operational, financial and technical risks.

**Reporting and analysis:** All businesses are required to periodically report their performance to the management / Board in independent terms and with a comparison to their corresponding budgets, reinforced by notes to explain significant deviations, if any.

**Forecasts:** Each business is permitted to periodically reassess its monthwise forecast for the ongoing and subsequent financial year, leading to a precise estimation of business health.

**Financial strategy:** A centralized team assesses the principal financial risks related to interest rates, currency exposures, debt maturity tenures and liquidity comfort.

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