BIKAJI FOODS INTERNATIONAL LIMITED

COMMODITY PRICE RISK MANAGEMENT POLICY

❖ INTRODUCTION:

Bikaji Foods International Limited ("the Company") is one of the leading company in the Fast-Moving Consumer Goods (FMCG) segment. The Risk Management Policy of the Company establishes guidelines to manage risks associated with the Company. The Commodity Price Risk Management Policy ("the Policy") provides the framework to identify, manage, mitigate, and monitor potential risk pertaining to fluctuations in commodity prices. The Policy also provides guidance for hedging, regulatory and internal compliance, operations etc., related to commodity price risk management.

❖ OBJECTIVES:

The Policy establishes guidelines for the Company to manage its risks associated with the commodity. The Risk Management Policy defines risk measures and mitigation plan.

The objective of this policy is to ensure protection from risk arising out of adverse and volatile movement in commodity prices by proper monitoring of the exposures and taking timely actions to keep risks to acceptable levels.

The prime objective of hedging activity is protection and risk limitation and not profit-making.

❖ APPLICABILITY:

The Commodity Risk Management Policy is applicable to:

➢ The Company
➢ All Subsidiary Companies.

❖ DEFINITION:

Hedging: A hedge is an investment to counter or minimize the risk of adverse price movements in an asset or security. Hedging is mainly done through derivative products to take an opposite position in the underlying security or a related security. Simply put, you need to take an opposite position in the underlying security or related security to reduce the risk of adverse price movement.

Diversification is also a form of hedging which reduces the risk of adverse price movement in a particular security.

❖ SCOPE (COMMODITY PRICE RISK/FOREIGN EXCHANGE RISK AND HEDGING):

Market price of the commodity has to be monitored on periodic basis. The prices have to be collected and analyzed thoroughly. Experts feedback to be taken prior decisions on future booking of the commodity.

Following scope has been worked out:

➢ Define the hedging program for respective commodity.
➢ Provide management oversight on the hedge and the corresponding foreign exchange.
➢ Establish approved strategies and tools and define the souring philosophy.
➢ Ensure proper controls and accounting.
➢ Track, report, and measure hedging strategies and outcomes.

❖ **REVIEW AND REFINE STRATEGIES:**

On an on-going basis, hedging strategies are developed and executed with periodic review and refinement. A best practice is to develop Key Performance Indicators (KPI's) to determine what "good" looks like for commodity risk management. In addition, business needs and market conditions change over time, so the overall strategy and hedging philosophy should be reviewed on a periodic basis to ensure that it is meeting the objectives.

For more details related to risk management such as risk identification, risk reporting, etc., the Company have a separate policy named as Risk Management Policy, which is also available on the website of the Company at www.bikaji.com.

❖ **AMENDMENT:**

The Board of Directors can amend this policy, as and when deemed fit. Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case where any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with / are in addition to / are in derogation of the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions of this policy and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.