PAPADMALJI AGRO FOODS LIMITED
RISK MANAGEMENT PLAN

Version	Summary of Changes	Board Approval	Date of Release
Version 1	Initial	15.10.2025	15.10.2025

1. INTRODUCTION

Risk management is attempting to identify and then manage threats that could severely impact or bring down the organization in terms of turnover, market share, goodwill, profitability, competition, technology obsolescence, investments, human resources, and such other factors. The Board of Directors of Papadmalji Agro Foods Limited (the "Company"), approved this policy with regard to risk management planning (Policy).

2 PURPOSE

The objective of risk management is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities; to identify risks impacting the Company's business through systematic process of risk identification by the Board of Directors of the Company (the Board) or audit committee of executive management; to formulate risk management policy including risk minimization and risk optimization and to implement the policy and report the resultant impact. An enterprise-wide risk management framework is applied so that effective management of risks is an integral part of every employee's job.

3. RISK MANAGEMENT PROCESS

a. Identification -Recognition / anticipation of the risks that threaten the assets and earnings of the Company.

b. Evaluation / Assessment - Estimation of the likely probability of a risk occurrence and its likely severity,

c. Categorization of risk and rating of risk.

d. Prevention & Control - Measures to avoid occurrence of risk, limit its severity and reduce its consequences, selecting the risk management technique by category and individual risk.

e. Financing - Determining the cost of risk likely to be and ensuring that adequate financial resources are available, implementing the selected technique.

f. Measure and Monitor effectiveness of controls and respond according to the results and improving the program.

g. Reviewing and reporting on the Risk Management process at appropriate intervals, at least annually. Further, the objectives of the **Company can be classified** into:

Strategic:

a. Organizational Growth;
b. Comprehensive range of project verticals;
c. Sustenance and Growth of Strong professional relationships;
d. Expansion of existing markets share and penetrating new geographic markets;
e. enhance industry expertise;
f. Enhance capabilities through technology alliances and acquisitions.

Operational:

a. Consistent Revenue growth;
b. Consistent profitability;
c. Effective and timely execution of projects;
d. Further Innovations;
e. Attract and retain quality technical associates

Reporting:

a). Maintain high standards of Corporate Governance.

Compliance:

a). Ensure adherence to policies, procedures and laws/ rules/ regulations/ standards.

With focus on three key elements, viz.

a. Risk Assessment;
b. Risk Management; and
c. Risk Monitoring.

1. Risk Assessment

Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks. To meet the stated objectives, effective strategies for exploiting opportunities are to be evolved and as a part of this, key risks are identified and plans for managing the same are laid out.

2 Risk Management and Risk Monitoring

In the management of Risk, the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in the following areas:

- Economic Environment and Market conditions;
- Fluctuations in Foreign Exchange;
- Political Environment;
- Competition;
- Revenue Concentration;
- Inflation and Cost Structure;
- Technological Obsolescence;
- Financial Reporting;
- Legal;
- Compliance with Local Laws;
- Project Management;
- Human Resource Management.

3. Risk Management Measures adopted in general by the Company-

The Company has adopted various measures to mitigate the risk arising out of various areas described above, including but not limited to the following.

- A well-defined organization structure.
- Defined Flow of information to avoid any conflict or communication gap Hierarchical support personnel to avoid work interruption in absence/ non-availability of functional heads.
- Discussion and implementation on financial planning with detailed Annual Business Plans.
- Detailed discussion and analysis of periodic budgets
- Cash management services to avoid any loss of interest on collections;
- Measures to protect loss in Foreign Exchange transactions due to undue fluctuations in rates etc.
- Systems for assessment of creditworthiness of existing and potential contractors/sub-contractors/ dealers/vendors/ end-users.
- Provision for bad and doubtful debts Recovery management and follow up.

- Documented recruitment policy well defined appraisal system on a periodical basis.
- Employees training and development programs.
- Redressal of Labour grievances by negotiations and conciliation.
- Employees **and** Workmen welfare **activities** including **ESI, EPF,** Gratuity Schemes
- Vigil Mechanism Policy (Whistle Blower Policy).
- Fixed assets Insurance with periodical review of adequacy, rates and risks covered under professional advice.
- Usage of **Licensed** software, IT related maintenance repairs and upgradation of the **systems** on a continuous basis, Protection for data integrity by access control & restriction.
- Vetting, review and finalization of all legal and contractual documents by internal as well as external legal experts, consultants.
- Internal control **systems to detect, resolve,** avoid any frauds.

4 RISKS SPECIFIC TO THE COMPANY AND MITIGATION MEASURES

S. No.	Threat/Process	Mitigation Measures
1	Confidentiality risks	Education and clear-cut policy to be circulated and acknowledged by all involved.
2	Exchange rate	Before finalizing the price of the product, the exchange rate fluctuations should be observed carefully Economic conditions in the country and outside wherever natural hedge is not available, company to take hedging.
3	Change in taxation policies	Proper tax planning can minimize this risk to an extent Updating with latest amendments in the policies/tax rates to avoid penalties Do sensitive analysis.
4	Country risks	Risks associated with the countries (with which we are doing business) will be examined before getting into any contract.
5	Financial leverage risks	Debt equity ratio is monitored and managed for each project.
6	Risks in settlement of dues by dealers/customers	Systems are put in place for assessment of creditworthiness of dealers/customers
7	Provision for bad and doubtful debts	Provision for bad and doubtful debts is made to arrive at correct financial position of the Company. Appropriate recovery management and follow up.
8	Employee turn out	a. Retaining the required technicians by motivating them through monetary and non-monetary benefits (job rotation, giving higher responsibility etc.) b. Training more persons on multiple skills.
9	Marketing expenditure	To draft ROI on market expenditure is required and once the draft is done we need to implement and monitor it.
10	Confidentiality of information	Only most important and necessary is the price may leak out in the tender which is confidential. No one else should know the price except the key

		people, have to be trust worthy. There is possibility that at the maximum risk of the price being surreptitious. Opening at the customer place before the tender opening time, we need to put the price in full proof covers.
11	Lack of coordination among the departments	Weekly meetings are conducted and any issues which remain open within the departments will be addressed and reasons for the delay are monitored. Regular meetings and the database maintenance with updates on the delivery schedules, demos, requirements etc.
12.	Reputation risks	Automated system to track the status of the project, which helps in follow-up on the commitments.
13.	Weather, natural disasters, accidents	Proper insurance of goods.
14.	Losing customers due to improper customer feedback analysis and poor assessment	Ensuring customer satisfaction by feedback collection at various levels like CSD, CISO, and project managers randomly and conducting customer feedback review meetings on 1st Tuesday of every month.
15.	Losing key staff to competitors	Non-compete letter signed as part of nondisclosure agreement at the time of joining and at the time of exit by the employee. Initiate legal actions wherever required.
16.	Contract Risks	A study of contracts with focus on contractual liabilities, deductions, penalties, and interest conditions is undertaken on a regular basis.
17.	Contractual Liability	Vetting of all legal and contractual documents.
18.	Insurance Risks	Insurance policies are audited to avoid any later disputes. Timely payment of insurance and full coverage of properties of the Company under insurance.
19.	Frauds	Internal control systems for proper control on the operations of the Company and to detect any frauds.

5. POLICY REVIEW:

Where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard.

6. AMENDMENTS:

The Company may amend the Policy as and when it deems necessary either pursuant to any change in law or otherwise. The Company shall be free to devise and implement any supplementary or other policies and guidelines in respect hereof for better implementation of this Policy. Amendments to the Policy: The Board of Directors on its own and / or as per the recommendations of Audit Committee 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 of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

7. ASSESSMENT OF EFFECTIVENESS:

The Audit Committee is responsible for reviewing and analyzing the effectiveness of the Risk Management framework and the Risk Management systems and shall report the same to the Board.

8. DISSEMINATION OF THE POLICY:

The approved Policy shall be uploaded under a separate section on the website of the Company.

9. DISCLAIMER:

The management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. The management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

Papadmalji Agro Foods Ltd. Bikaner