PAPADMALJI AGRO FOODS LIMITED
RISK MANAGEMENT POLICY

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

1. LEGAL FRAMEWORK

Section 134(3)(n) of the Companies Act, 2013 requires the Company to frame Risk Management Policy to identify various elements of risk and steps taken to mitigate the same. Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the Company's activities. Risk Management Policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

Furthermore, Regulation 17(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

2. OBJECTIVE AND PURPOSE

In line with the Company's objective towards increasing stakeholder value, a Risk Management Policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

3. DEFINITIONS

a) Risk: Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.

b) Risk Management: Risk Management is the process of systematically identifying, quantifying, mitigating and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

c) Risk Strategy: The Risk Strategy of a company defines the company's standpoint towards dealing with various risks associated with the business. It includes the company's decision on the risk tolerance levels, and acceptance, avoidance or transfer of risks faced by the company.

d) Risk Assessment: Risk Assessment is defined as the overall process of risk analysis and evaluation.

e) Risk Estimation: Risk Estimation is the process of quantification of risks.

Any other term shall have the same meaning as defined in the Companies Act, 2013 or any other applicable law or regulations.

4. ROLES & RESPONSIBILITY

The risk management roles and responsibilities will be as under:

Board of Directors	a) Approve risk policy and strategy b) To ensure that the Risk Management Policy is being followed and effectively contributing to early identification of risks and proper mitigation process. c) Delegate the review & monitoring of implementation of Risk Management Policy to the concerned person d) Reviews adequacy and effectiveness of business risk management e) Advise Business/support functions on Risk initiatives f) Responsible for identifying risks g) Responsible for preparing risk profile h) Responsible for managing risk i) Tests compliance at all relevant levels j) Quality assurance on risk management process
Employees	a) Compliance with requirement of this policy b) Exercise reasonable care to prevent loss, to maximize opportunity and to ensure that the operations, reputation and assets are not adversely affected

5. IDENTIFICATION AND CATEGORISATION OF RISKS

From the perspective of the Company, the risks can be of following nature:

i. **Contractual Risk** - Contractual risk refers to the risk of having sub-optimal or erroneous clauses in the contract which could potentially compromise interests and/or provide unintended options/exit routes to other parties.

ii. **Strategic Risk** - These risks are associated with operating in the particular industry and includes risks arising from demand changes or changes in customers, industry changes, intense competition, change in technology, Research & Development etc. These risks pose threats or opportunities which materially affect the ability of the organization to survive.

iii. **Compliance Risk** - These risks are associated with the need to comply with laws and regulations etc. They also apply to the need to act in a manner which stakeholders and customers expect.

iv. **Operational Risk** - Such risks are associated with the company's operational and administrative procedures such as breakdown or failure of equipments used at the project sites, weather conditions, interruption in power supply due to breakdown of power generators, shortage of consumables, performance below expected levels of output or efficiency, natural disasters, obsolescence, labour disputes, industrial accidents, our inability to respond to technological advancements and emerging realty industry standards and practices etc.

v. **Financial Risk** - These risks are associated with financial structure of the company, its transactions and the financial system in place, liquidity risk, regulatory exposures, Imposition of fresh taxes by the Govt. etc.

vi. **People Risk** - People risk is related with the understanding the needs of the employees and aligning it to organizational goals. This risk refers to the inadequate staffing in terms of number or skill sets for the work on hand or for projected or contingent work etc.

vii. **Management Risk** - The risks associated with ineffective, destructive or underperforming management, which hurts shareholders and the company or fund being managed. This term refers to the risk of the situation in which the company and shareholders would have been better off without the choices made by management.

viii. **Information Technology Risk** - Information technology risk may be described as the risk of Failure of hardware, Failure of software or Failure of the network. IT risk may result in Loss of data, decline in ineffectiveness of management controls, Delay in achieving milestones or Decline in operating efficiency.

ix. **Environment Risk** - These are associated with release of polluting materials, environmental performance/compliance limits, business opportunities and breach of regulations.

x. **Transportation Risks** - It includes risk involved in transport &movement of containers containing hazardous or non-hazardous material. Any mishandling of hazardous substances by containers could affect the business adversely. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities.

xi. **Fire and Explosion Risks-** Operations involving extreme heat, such as those in furnaces and metal casting, carry a significant risk due to the intense temperatures. Additionally, the presence of fine metal dust and flammable gases can create explosive risks if not properly controlled.

6. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directors have the responsibility for overviewing management's processes and results in identifying, assessing and monitoring risk associated with Organization's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports, with a view to ensuring continuous improvement and alignment with the Organization's strategic objectives and regulatory requirements.

7. CONTINUOUS ASSESSMENT

The Company's Risk Management is a continuous process which implies a continuing cycle of implementing, monitoring, reviewing and managing risk management processes and simultaneously also sensitizing the organization against all possible risks.

8. AUTHORITY FOR APPROVAL & ALTERATIONS

The Board shall have the authority for approval of this policy. The Board is authorized to make such alterations to this Policy as considered appropriate, subject, however, to the condition that such alterations shall be in consonance with the provisions of the Acts and Regulations.

9. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or SEBI LODR Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI LODR Regulations or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment / modification in the SEBI LODR Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

10. DISCLOSURE IN BOARD'S REPORT

Board of Directors 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.

11. EFFECTIVE DATE

The policy will be effective with effect from the date of approval by the Board.

12. DISCLAIMER

Nothing contained in this Policy shall operate in derogation of any law for the time being in force or of any other regulation in force. In any circumstance where the terms of this Policy differ from any applicable law governing the Company, such applicable law will take precedence over this Policy and procedures until such time as this Policy is modified in conformity with the Applicable Law.