

PICCADILY AGRO INDUSTRIES LIMITED

RISK MANAGEMENT POLICY

1. INTRODUCTION

In accordance with the Section 134(3) (n) of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board of directors (the “Board”) of Piccadily Agro Industries Limited (the “Company”) has adopted a policy on risk management (the “Risk Management Policy”).

- (i). The Board of the Company and the audit committee of the Company (the “Audit Committee”) shall periodically review the risk management policy of the Company so that management controls the risk through properly defined network.
- (ii). The respective head of departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Audit Committee as may be required.

2. OBJEVTIVE

The objective of the Risk Management Policy of the Company is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. This Risk Management Policy is being applied in order to ensure that effective management of risks is an integral part of every employee’s job. These include:

- (i) Providing a framework that enables all activities to take place in a consistent and controlled manner so that the assets, cash flow, and business of the Company are not exposed to any undue risks;
- (ii) Making a process that will ensure informed decision making with all consequential financial and non-financial implications on the Company.
- (iii) Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and threats;
- (iv) Contributing towards more efficient use/ allocation of the resources within the organization;
- (v) Protecting and enhancing assets and company image;
- (vi) Reducing volatility in various areas of the business;
- (vii) Developing and supporting people and knowledge base of the organization; and
- (viii) Optimizing operational efficiency.

3. RISK MANAGEMENT

The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. The Board, its audit committee and its management should collectively identify the risks impacting the Company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or

strategy. The Board should also affirm and disclose in its report to members that it has put in place critical risk management framework across the company, which is overseen periodically by the Board. The disclosure should also include a statement of those elements of risk, that the Board feels, may threaten the existence of the company. It has therefore become imperative for the Company to prepare a comprehensive framework of risk management for assessment of risks and determine the responses to these risks so as to minimize their adverse impact on the organisation.

4. RISK IDENTIFICATION

Risk identification is concerned with identifying and assessing the probable risks and their material effects on the business goals / objectives of the Company in the changing and dynamic environment, both internal as well as external.

Risk identification and assessment includes the risks provided below. However, the list provided below is illustrative and not conclusive:

External Risk Factors

- i. Economic Environment and Market conditions
- ii. Political Environment
- iii. Competition
- iv. Revenue Concentration and liquidity aspects
- v. Inflation/Deflation and Cost structure
- vi. Technology Obsolescence

The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.

Legal Risk

Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk.

Internal Risk Factors

- i. Project Execution
- ii. Contractual Compliance
- iii. Operational Efficiency
- iv. Hurdles in optimum use of resources
- v. Quality Assurance
- vi. Environmental Management
- vii. Human Resource Management
- viii. Culture and values

5. RESPONSIBILITY FOR RISK MANAGEMENT

Generally every staff member of the Organization is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

6. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing 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.

7. REVIEW

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.