

**PAJSON AGRO INDIA LIMITED**



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**(Formerly Pajson Agro India Pvt Ltd)**

# **RISK MANAGEMENT POLICY**

**Dated 25.02.202**

# PAJSON AGRO INDIA LIMITED

## 1. Policy Overview:

This Policy is in compliance with provisions of Companies Act, 2013 read with Rules made thereunder which requires the Company to lay down procedures about the risk assessment and risk minimization.

Pajson Agro India Limited (“the Company”) recognizes that risk management is an integral part of good management practice. Risk management is an essential element in achieving business goals and deriving benefits from market opportunities.

Pajson Agro India Limited like any other business entity, is exposed to normal industry risk factors of competition, economic cycle and uncertainties in the international and domestic markets. No business can be conducted without accepting a certain level of risk, and any expected gain from a business activity is to be assessed against the risk that activity involves.

The Company’s risk management policy relates to identification, assessment, monitoring and mitigation of various risks to our business. The policy seeks to minimize adverse impact on our business objectives and enhance stakeholder value. Further, our risk management practices seek to sustain and enhance long-term competitive advantage of the Company.

## 2. Definitions

- **Company:** means Pajson Agro India Limited.
- **Board of Directors / Board:** As per Section 2(10) of “The Companies Act, 2013”, in relation to a Company, means the collective body of Directors of the Company.
- **RMP / Policy:** Risk Management Policy

## 3. Classification of Risks

The risk can be classified as follows:

Firstly, the risk can be identified as being internal or external. Secondly subject matter-wise the risk can be classified as:

- I. Operational risks
- II. Financial risks
- III. Sectoral risks
- IV. Sustainability risks (particularly, environment, safety and governance related risks)
- V. Information and Cyber security risks
- VI. Other Risks

**4. Objectives**

Risk is an inherent aspect of the dynamic business environment. Risk Management Policy helps organizations to put in place effective frameworks for taking informed decisions about risks. To minimize the adverse consequence of risks on business objectives, the Company has framed this Risk Management Policy.

The Company's policy is to identify risks particularly those risks which can threaten the existence of the Company. At the same time, the Company will also determine such risks which are within the limit of risk acceptance, followed by actions which need to be taken to avoid, mitigate, transfer or to purely monitor the risk.

Risk Management is a continuous process of analyzing and managing the opportunities and threats faced by the Company in its efforts to achieve its goals, and to ensure the continuity of the business.

**5. Risk Management Procedures**

Risk management process includes activities: risk identification, risk assessment and risk mitigation.

**a) Risk Identification**

The purpose of risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives. All risks identified are documented in the form of a Risk Register. Risk Register incorporates risk description, category, classification, mitigation plan, responsible function / department.

**b) Risk Assessment**

Assessment involves quantification of the impact of risks to determine potential severity and probability of occurrence. Each identified risk is assessed on two factors which determine the risk exposure:

- (i) Impact if the event occurs
- (ii) Likelihood of event occurrence
- (iii) Risk categories: It is necessary that risks are assessed after taking into account the existing controls, so as to ascertain the current level of risk. Based on the above assessments, each of the risks can be categorized as – low, medium and high.

**c) Risk Mitigation**

The following framework shall be used for implementation of risk mitigation plan:

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- i) **Risk avoidance:** By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting the risk may have allowed.
- ii) **Risk transfer:** Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging / insurance.
- iii) **Risk reduction:** Employing methods/solutions that reduce the severity of the loss.
- iv) **Risk retention:** Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater than the total losses sustained. All risks that are not avoided or transferred are retained by default.

### 6. **Role of the Board of Directors**

The Board shall be responsible for

- (a) Framing, implementing and monitoring the risk management plan for the company.
- (b) Ensure that the appropriate systems for risk management are in place.
- (c) Participate in major decisions affecting the organization's risk profile;
- (d) Have an awareness of and continually monitor the management of strategic risks;
- (e) Be satisfied that processes and controls are in place for managing less significant risks;
- (f) Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- (g) Ensure risk management is integrated into board reporting and annual reporting mechanisms;

### 7. **Business Continuity Plan**

A business continuity plan ensures that personnel and assets are protected and are able to function quickly in the event of a disaster. The Company shall define business continuity processes and disaster management plans, for unforeseen exigencies and keeping the organization constituents, prepared to appropriately and adequately deal with all kind of risks associated with such circumstances or under eventuality of such happenings and thus making it an important part of Company's risk management system.

### 8. **Review and Amendment of this Policy**

This policy will be reviewed at least once in two years by the Board. The Board of Directors can amend this Policy, as and when it deems necessary.

**9. Limitation and Amendment**

In the event of any conflict between the Act or any other statutory enactments and the provisions of this policy, the Act shall prevail over this policy. Any subsequent amendment / modification in the Act, in this regard shall automatically apply to this policy.

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