

RISK MANAGEMENT POLICY

MADHYA BHARAT AGRO PRODUCTS LIMITED

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REGULATORY REQUIREMENTS

As per the Regulation 17(9) (a) & (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the listed entity shall lay down procedures to inform members of Board of Directors about risk assessment and minimization procedures. The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Section 134(3)(n) of the Companies Act, 2013 ("Act") states that there shall be attached to statements (i.e., financial statements) laid before a company in general meeting, a report by its Board of Directors, which 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".

SCOPE

This Policy details the Risk Management principles and framework along with the associated procedures for Madhya Bharat Agro Products Limited (hereinafter, referred to as the "Company"). This policy has been established by the management to identify, assess, mitigate, monitor, and report the key risk categories (such as Strategic, Financial, Operational, Regulatory, Reputational, Third-party, Sustainability, Technological Risks) on a periodic basis. It also prescribes the risk management governance structure along with the roles and responsibilities of various stakeholders within the organization.

OBJECTIVES

This policy has been specifically designed to achieve the following objectives:

- Ensure achievement of the Company's vision and strategic priorities in line with its core values;
- Integrate risk management in the culture and strategic decision-making in the organization;
- Enable compliance with appropriate regulations and adoption of leading practices;
- Anticipate and respond to changing economic, social, political, technological environmental and legal conditions in the external environment.

APPLICABILITY

This policy applies to all functions of Our Company named **Madhya Bharat Agro Products Limited**.

GOVERNANCE STRUCTURE

The Company has established three levels of risk management responsibilities in its Governance structure as Risk Oversight, Risk Management and Risk Ownership.

Forum	Functions
Board of Directors	Draft Risk Management Policy
Risk Management Committee	Implementation, Monitoring & Reviewing effectiveness of risk management policy
Risk Owner	Identification, Monitoring and Mitigation of Risk

1.) Board of Directors:

The Board shall be responsible for defining the risk management strategy, objectives and overseeing the implementation of the risk management process and setting the tone and culture towards effective risk management. The board shall define the risk management policy and critically review the risk governance and monitoring mechanism.

The Board shall meet at least once in a year to review the top risks faced by the Company and the status of their mitigation plan. It will also review the Risk Management policy as and when required.

2.) Risk Management Committee (RMC):

Risk Management Committee (RMC or the Committee) shall assist the Board in framing policy, guiding implementation, monitoring, and reviewing the effectiveness of risk management policy and practices.

The Committee shall act as a forum to discuss and manage key strategic and business risks.

The RMC is chaired by an Independent Director and it shall meet at least twice in a year or at such intervals as may be deemed fit and the roles and responsibilities of the RMC have been defined as required under the Listing Regulations or other applicable laws, as amended from time to time.

3.) Risk Owner:

The final ownership of risk identification, monitoring and mitigation shall rest with the respective functional department. The functional units shall accept the risk of their respective areas and own the risk management plan of their unit.

Risk Management activity Calendar

Forum	Timelines
Board of Directors	Annual
Risk Management Committee	Half-Early
Risk Owner	Monthly and Ongoing

Risk Assessment Criteria

Risk assessment requires grading of risk on two dimensional scales: Risk Impact and Risk Likelihood.

Matrix for each of these are given below:

Risk Impact Matrix: Risk impact is measured in terms of financial and non-financial parameters and classified as below:

Impact Category	Financial Impact (% to Revenue)	Non-Financial Impact (Qualitative)
High	>5%	Significant impact on business continuity, Market Share, Reputation, Criminal liability, or stringent penalties
Medium	2-5%	Moderate / Short term impact on business continuity, Market Share, Reputation and High Financial penalties
Low	<=2%	Relatively insignificant or limited impact on business continuity, Market share, reputation and financial penalty

Risk Likelihood Matrix: Risk likelihood is measured by probability of occurrence of risk event and classified as below:

Likelihood Category	Probability (%)	Description
High / Likely	>80%	Almost inevitable, will become routine feature
Medium / Possible	>40%	Probable, can happen in near future
Low / Unlikely	<=40%	Less probable, can happen over longer team

Risk Management Committee (RMC):

i) Responsibility & Authority of the Committee:

The Risk Management Committee has responsibility to review and report to the Board that:

(a) the Committee shall annually review the risk management policy / framework to satisfy itself that all potential risks are identified;

(b) risk management plan / processes have been designed properly and implemented effectively to manage the identified risks;

(c) such risk management plan / processes are reviewed and monitored regularly;

- (d) proper remedial action is undertaken to redress areas of potential risk.
- (e) To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).
- (f) RMC shall have access to any internal information necessary to fulfil its oversight role. It shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- (g) RMC shall have powers to seek information from any employee, obtain external legal or other professional advice and secure attendance of outsiders with relevant expertise, as it deems necessary.

ii) Composition

The Committee shall comprise of the following members:

- Two Independent Director – Chairman and member of RMC
- Managing Director – Member of RMC

Company Secretary of the Company shall act as Secretary to RMC.

iii) Quorum

The quorum necessary for transacting business at a meeting of RMC shall be one third of the total strength of RMC or two members, whichever is higher, including at least one independent Director in attendance. Participation of the members by video conferencing or by other audio-visual means shall also be counted for the purposes of quorum at a meeting of RMC.

iv) Meetings & Reporting

- a) RMC shall meet at least twice in a given financial year with a gap of not more than 180 days between 2 such meetings. If required, the Chairman of RMC may call for additional meetings of RMC.
- b) All or any members of RMC may participate in a meeting by video conferencing or by other audio-visual means. A member so participating is deemed to be present in person at the meeting and shall also be counted for the purpose of quorum at a meeting of RMC;
- c) The Secretary to RMC shall be responsible, in conjunction with the Chairman of RMC, for compiling and circulating the agenda and papers for the meeting.
- d) Formal decisions shall be made by a simple majority, in case of equality of votes the Chairman of the meeting shall have a casting vote.
- e) The Secretary to RMC shall prepare minutes of all meetings of RMC and shall promptly circulate the same to RMC and the Board for their consideration.

v) Maintenance of Records:

All the records related to Risk Management such as Notice, Agenda, Minutes related RMC meeting, Risk Management policy, Performance Review Report, Risk Impact & Likelihood Matrix document will be in the custody of Secretary of RMC.

vi) Evaluation

a) RMC may conduct a performance evaluation relative to its purpose, duties, responsibilities and effectiveness and recommend, any changes, it considers necessary for the approval of the Board.

b) The Board may critique such evaluation done by RMC basis the performance and suggest suitable changes to improve effectiveness. The Board shall ensure that RMC is functioning in accordance with RMC Policy.

c) RMC may conduct such evaluation and reviews at such intervals and in such manner as it deems appropriate.

Risk Monitoring and Reporting

Risk Owners shall track status of mitigation plan for risks identification which are later reported to Risk Management Committee on half basis.

RMC asses the risk on the basis of risk assessment criteria and suggest the mitigation measure to risk owner.

Policy Revision

Any subsequent amendment / modification in the Listing Regulations / Act in this regard shall automatically apply to this Policy. The same shall be added/amended/ modified from time to time by the Board of Directors of the Company with due procedure.