KN AGRI RESOURCES LIMITED
' RISK MANAGEMENT POLICY '

1. PREAMBLE

This policy has been framed pursuant to Section 134 (3) of the Companies Act, 2013 to align 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.

2. OBJECTIVE & PURPOSE

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. The specific objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the Company's risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

3. 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.

4. RISK STRATEGY OR MITIGATION OF RISK

Based on the Risk level determined and reviewed from time to time, the company should formulate its Risk Management Strategy. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

a. **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 (retaining) the risk may have allowed.

b. **Risk Transfer:** Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

c. **Risk Reduction:** Employing methods/solutions that reduce the severity of the loss.

d. **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 over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

5. RISK IDENTIFICATION

Management identifies potential events that may positively or negatively affect the Company's ability to implement its strategy and achieve its objectives and performance goals. Risks can be identified under the following broad categories. This is an illustrative list and not necessarily an exhaustive classification.

(i) Internal risks including:

- *Strategic Risk: Competition, inadequate capacity, high dependence on a single customer/vendor.*
- *Business Risk: Project viability, process risk, technology obsolescence/ changes, development of alternative products.*
- *Finance Risk: Liquidity, credit, currency fluctuation.*
- *Environment Risk: Non-compliances to environmental regulations, risk of health to people at large.*
- *Personnel Risk: Health & safety, high attrition rate, incompetence.*
- *Operational Risk: Process bottlenecks, non-adherence to process parameters/ pre-defined rules, fraud risk.*
- *Reputation Risk: Brand impairment, product liabilities.*
- *Regulatory Risk: Non-compliance to statutes, change of regulations.*
- *Technology Risk: Innovation and obsolescence.*
- *Information and Cyber Security Risk: Cyber security related threats and attacks, Data privacy and data availability.*

(ii) External risks including:

- *Sectoral Risk: Unfavourable consumer behaviour in relation to the relevant sector etc.*

- *Sustainability Risk: Environmental, social and governance relates risks.*

- *Political Risk: Changes in the political environment, regulation/ deregulation due to changes in political environment.*

6. DISCLAIMER CLAUSE

The risks outlined above are not exhaustive and are for information purposes only. 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.

7. RISK MANAGEMENT

Management develops appropriate responsive action on review of various alternatives, costs and benefits, with a view to managing identified risks and limiting the impact to tolerance level. Risk mitigation plan drives policy development as regards risk ownership, control environment timelines, standard operating procedure, etc.

8. GENERAL

The Board of Directors of the Company shall periodically review the risk management policy of the Company so that management controls the risk through properly defined network. 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.

The decision of the Board of Directors of the Company with regard to any or all matters relating to this policy shall be final and binding on all concerned. The Board of Directors of the Company shall have the power to modify, amend or replace this policy in part or full as may be thought fit from time to time in their absolute discretion.

9. EFFECTIVE DATE

This Nomination & Remuneration Policy shall come into force with effect from 10.12.2021

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