SUNDROP BRANDS LIMITED

(FORMERLY KNOWN AS AGRO TECH FOODS LIMITED)

RISK MANAGEMENT POLICY ("the Policy")

(Approved by Board of Directors on 21 October 2021 and further amended on February 12, 2026)

1. INTRODUCTION & LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("Listing Regulations") has also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The Securities Exchange Board of India ("SEBI") on May 5, 2021, amended Regulation 21 in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top one thousand listed Companies (based on market capitalization of every financial year) to constitute a Risk Managament Committee, formulate and disclose a comprehensive Risk Management Policy.

The Company being one of the top one thousand listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the Listing Regulations and.

In line with the above requirements, it is therefore, required for the Sundrop Brands Limited *(formerly known as Agro Tech Foods Limited)* (the Company/Sundrop Brands) to frame and adopt a "Risk Management Policy" in supersession of previous Risk Management Policy. This Policy is adopted to ensure compliance with statutory requirement and to establish a structured Enterprise Risk Management ("ERM") framework.

The Company recognises its responsibility to manage risk in an effective and efficient manner as a fundamental component of business operations. The Company is committed to identifying and analysing risks associated with activities and operations with the objective of maintaining a safe workplace, minimising losses and maximising opportunities, developing appropriate risk treatment options, and informed decision-making.

Risks can be threats or opportunities and a failure to manage them is a significant danger to the Company's survival and growth. The purpose of this Policy is also to communicate the Company's common and systematic approach to managing risk.

Requirement as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time:

- **Regulation 17(9) of the Listing Regulations** requires the Company to lay down procedures about risk assessment and risk minimization.
- **Regulation 21 of the Listing Regulations, read with Para C of Part D of Schedule II,** requires the Risk Management Committee to formulate detailed risk management policy which shall include:
    a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

b. Measures for risk mitigation including systems and processes for internal control of identified risks.
c. Business continuity plan.

Requirement as per Companies Act, 2013 (**the Act'**) as amended from time to time**:**

- **Responsibility of the Board**: Section 134(3)(n) of the Act, requires the Board of Directors of a Company, as part of the Board's Report, to furnish 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.
- **Responsibility of the Audit Committee**: As per Section 177(4) of the Act, Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include- (vii) Evaluation of internal financial controls and risk management systems.
- **Responsibility of the Independent Directors**: As per Schedule IV of the Act [Section 149(8)] - Code for Independent Directors II. Role and functions: The independent directors shall: (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct; (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

2. OBJECTIVE

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 Company's business. In order to achieve the key objective, this 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, inter alia, 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 identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee ("the Committee") as key risks for the company's risk management process (Enterprise Risk Management Process) and to ensure its implementation.
- To measure risk mitigation including systems and processes for Internal Control of identified risks.
- To formulate Business Continuity Plan.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

3. RISK MANAGEMENT COMMITTEE

3.1 COMPOSITION

The Risk Management Committee shall consist of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. The Chairperson of the Risk management Committee shall be a member of the Board of Directors and senior executives of the listed entity may be members of the committee. The Company Secretary shall act as the Secretary to the Committee.

3.2 MEETINGS AND QUORUM

The Risk Management Committee should meet at least two times in a year and not more than 210 days shall elapse between two consecutive meetings. The Quorum for the meeting of the Committee shall be a minimum of two members or one-third of the Members of the Committee, whichever is higher, including at least one member of the Board.

3.3 TERMS OF REFERENCE

3.3.1 The Risk Management Committee shall identify key risks and evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).

3.3.2 The Risk Management Committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).

3.3.3 The Risk Management Committee shall make regular reports/ recommendations to the Board.

3.3.4 To formulate a detailed risk management policy which shall include:

- i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
- ii. Review the adequacy and effectiveness of measures for risk mitigation including systems and processes for internal control of identified risks.
- iii. Business continuity plan.

3.3.5 To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

3.3.6 To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems and internal control systems.

3.3.7 To monitor and review the ERM framework on a periodic basis.

3.3.8 To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

3.3.9 To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

4. RISK MANAGEMENT FRAMEWORK PROCESS

Risk management is a continuous process that is accomplished throughout the life cycle of a Company. It is an organized methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations; and tracking the implementation to ensure successful risk reduction. Effective risk management depends on risk management planning; early identification and analyses of risks; early implementation of corrective actions; continuous monitoring and reassessment; and communication, documentation, and coordination.

A framework for identification of internal and external risks faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee shall be prepared.

5. STEPS IN RISK MANAGEMENT

A. Risk Identification
B. Risk Assessment
C. Risk Analysis
D. Risk Mitigation
E. Risk - Control and Monitoring

A. RISK IDENTIFICATION

This involves continuous identification of events that may have negative impact on the Company's ability to achieve goals. Processes have been identified by the Company and their key activities have been selected for the purpose of risk assessment. Identification of risks, risk events and their relationship are defined on the basis of discussion with the risk owners and secondary analysis of related data, previous internal audit reports, past occurrences of such events etc.

B. RISK ASSESSMENT

Risk assessment is the process of risk prioritization. Likelihood and Impact of risk events have been assessed for the purpose of analyzing the criticality. The potential impact may include:

I. On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings.

- External risks factors:

  - Regulatory Environment
  - Economic Environment
  - Political Environment
  - Competition
  - Fluctuations in trading activities
  - Changes in interest rates
  - Changes in government policies
  - Broad market trends and other factors beyond Company's control

II. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management.

- Internal risks factors:

  - Operational Efficiency
  - Hurdles in optimum use of resources
  - Project Execution
  - Quality Assurance
  - Environmental Management
  - Human Resource Management
  - Culture and values

Operational risk –Manufacturing defects, labour unrest, injuries, accidents, suspended operations of a plant for any reason whatsoever, may impact the operations of the Company.

Financial risk – The financial risks relate to adequate liquidity for routine operations and availability of funds for expansions and capital expenditures, impact of currency fluctuations, change in credit ratings, etc. It also includes the risks associated with the investments of the Company. The investments of the Company should be made on the basis of financial modelling and the currency fluctuations be examined regularly.

Sectoral risk - The Sectoral risk refers to the influence of industry variables such as demand-supply outlook, input risk, input cost fluctuation, competition, utilisation levels along with the impact of government regulations and policies on the Company.

Other Examples of identified risks are as follows:

- Failure in implementing its current and future strategic plans
- Significant and rapid technological change
- Security risks and cyber-attacks
- System failures

C. RISK ANALYSIS

Risk Analysis is to be conducted taking the existing controls into consideration. Risk events assessed as "high" or "very high" criticality may go into risk mitigation planning and implementation and will be reviewed regularly.

D. RISK MITIGATION

To ensure that the above risks are mitigated, the Company will strive to:

a. Involve all functions in the overall risk identification and mitigation exercise;
b. Link the risk management process to the strategic planning and internal audit process;
c. The Risk Management Committee shall have access to all information necessary to fulfill its responsibilities. It has the powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
d. Adequate disclosures pertaining to the risks (including commodity risks) being faced by the Company, may be made as per the materiality criteria defined in the 'Policy for determination of materiality for disclosure of events or information' of the Company.

E. CONTROL AND MONITORING MECHANISM

Risk management uses the output of a risk assessment and implements countermeasures to reduce the risks identified to an acceptable level. This policy provides process of assessing and mitigating risks identified within functions and associated processes. In circumstances where the accepted risk of a particular course of action cannot be adequately mitigated, their status shall be continuously monitored and periodically presented to Risk Management Committee.

6. BUSINESS CONTINUTY PLAN (BCP)

The plan ensures that personnel and assets are protected and are able to function quickly in the event of a disaster. The BCP is generally conceived in advance and involves input from key stakeholders and personnel.

BCP involves defining any and all risks that can affect the company's operations, making it an important part of the organization's risk management strategy. Risks may include natural disasters— fire, flood, or weather-related events or any act of God or cyber-attacks. Once the risks are identified, the plan should also include:

- Determining how those risks will affect operations
- Implementing safeguards and procedures to mitigate the risks
- Testing procedures to ensure they work
- Reviewing the process to make sure that it is up to date

7. RISK REPORTING

The Board of Directors of the Company shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

While the Company will be monitoring, evaluating and responding to risks. Only significant risks (or those that could become significant) need to be reported to the Risk Management Committee, Audit Committee and Board. Significant risks include those risks that have a high likelihood or significant impact i.e. having risk exposure or where there is limited ability for mitigation by the Company.

These risks are identified and assessed based on the Company's expertise, judgement and knowledge.

8. DISCLOSURES

The Company shall make appropriate disclosures as required under Companies Act, 2013 and the SEBI Regulations.

9. AMENDMENTS

The Board of Directors as per the recommendations of Committee (s) can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision/ amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

10. EFFECTIVE DATE

This policy has been approved by the Board of Directors of the Company at the duly convened Board Meeting held on 21st October, 2021 and would be effective from same date to the Company and its subsidiaries, as amended from time to time.