

RAJ POLYPACK LIMITED

Risk Management Policy

(Policy approved by the Board of Directors on September 25, 2025)

1. PREAMBLE

Raj Polypack Limited (“the Company”), being a public unlisted company proposing to undertake an SME Initial Public Offer (IPO), is committed to establishing a robust Risk Management framework to ensure sustainable growth, protect stakeholder interests, and comply with the requirements of SEBI, Companies Act, 2013 and relevant SME IPO regulations.

This policy outlines the Company’s risk identification, assessment, monitoring, and mitigation processes.

2. PURPOSE OF THE POLICY

The objective of this Risk Management Policy is to:

- Identify internal and external risks that may impact the Company’s operations, financial performance, reputation, or regulatory compliance.
- Establish a structured and consistent approach for risk assessment and prioritization.
- Define mitigation strategies and assign accountability.
- Ensure transparency in risk reporting, especially in view of the upcoming SME IPO.
- Safeguard stakeholder interests through proactive management of risks.

3. SCOPE OF THE POLICY

This policy applies to:

- All business units, departments, and locations of Raj Polypack Limited.
- Directors, Senior Management, employees, contractors, and vendors associated with the Company.
- All strategic, operational, financial, compliance, ESG/sustainability, and market-related risks.

4. RISK MANAGEMENT FRAMEWORK

The Company adopts the following structured risk management framework:

4.1 Risk Identification

Risks will be identified through:

- Internal audits and reviews
- Management inputs
- Industry analysis and regulatory updates
- External market and economic assessments
- Stakeholder feedback
- Operational performance evaluations

4.2 Risk Categories

The Company classifies risks into the following broad categories:

1. **Strategic Risks** – Competition, market dynamics, business expansion, product diversification.
2. **Operational Risks** – Manufacturing disruptions, supply-chain issues, logistics, machine breakdowns, people risks.
3. **Financial Risks** – Liquidity, credit risk, working capital shortages, interest rate fluctuations.
4. **Regulatory & Compliance Risks** – Companies Act, SEBI, GST, labor laws, environmental rules.
5. **Market & Industry Risks** – Raw material price volatility, customer concentration, technological changes.
6. **Environmental, Health & Safety (EHS) Risks** – Plant safety, pollution control, sustainability risks.
7. **IT & Cybersecurity Risks** – Data breaches, system failures, cyber-attacks.
8. **Reputational Risks** – Customer dissatisfaction, product quality issues, adverse publicity.

4.3 Risk Assessment

Each identified risk shall be evaluated based on:

- **Likelihood (Probability)** – High/Medium/Low
- **Impact (Severity)** – High/Medium/Low
- **Risk Level** – Derived from a Risk Matrix

4.4 Risk Mitigation

Mitigation strategies may include:

- Avoiding the risk
- Minimizing/controlling the risk
- Transferring the risk (insurance, outsourcing)
- Accepting the risk (with justification and monitoring)

4.5 Risk Monitoring

- Key risks will be monitored monthly by Senior Management.
- Critical risks will be reported to the Audit Committee/Board quarterly.
- The risk register shall be reviewed and updated periodically.

5. ROLES AND RESPONSIBILITIES

5.1 Board of Directors

- Oversee the overall Risk Management framework.
- Approve the Risk Management Policy and modifications.
- Review critical risks and mitigation measures.

5.2 Audit Committee

- Review risk reports and internal audit findings.

- Evaluate effectiveness of mitigation strategies.
- Ensure compliance with regulatory risk management requirements.

5.3 Chief Financial Officer / Risk Officer

- Implement risk management procedures.
- Evaluate financial and operational risks.
- Present risk dashboards to management/board.

5.4 Department Heads

- Identify department-specific risks.
- Implement mitigation actions.
- Report any new or emerging risks immediately.

5.5 Employees

- Follow risk controls and internal policies.
- Report incidents or potential risks promptly.

6. RISK REPORTING & DISCLOSURE

- Regular reporting to the Board/Audit Committee.
- Documentation of all risk events, actions, and controls.
- Required risk disclosures shall be made in the Draft Prospectus (IPO document) in accordance with SEBI ICDR Regulations.
- Significant risks must be escalated immediately.

7. BUSINESS CONTINUITY & DISASTER RECOVERY

The Company shall maintain a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) focusing on:

- Plant shutdown contingencies
- Raw material shortages
- Fire, safety, and environmental events
- Data backup and cybersecurity protocols
- Emergency response and crisis communication procedures

8. REVIEW AND AMENDMENT

This policy shall be:

- Reviewed annually or earlier if required due to regulatory changes or business needs.
- Amended only with the approval of the Board of Directors.