

**RISK**

**MANAGEMENT**

**POLICY**



**MAHARASHTRA STATE SEEDS CORPORATION LIMITED**  
**MAHABEEJ BHAVAN: KRISHINAGAR: AKOLA 444 104**

**Risk Management Policy**

**1. Introduction**

The Board of Directors ("Board") of MAHARASHTRA SEEDS CORPORATION LIMITED ("MSSCL") has adopted the following policy which encompasses practices relating to identification, assessment, monitoring, and mitigation of various risks to the business. Risk Management Policy ("Policy") of the Company seeks to minimize unfavorable impact on the business objectives and develop stakeholder value. Further, the risk management practices seek to sustain and enhance long term competitive advantage for the MSSCL.

**2. Purpose**

This Policy has been framed in accordance with Section 134 (3) (n) of the Companies Act, 2013 which requires the Company to frame Risk Management Policy. The purpose of this policy is to address unanticipated and unintended losses to the financial assets & human resources of the Company without unnecessarily limiting the activities that advance its mission and goals. MSSCL has introduced effective risk management systems that address the issues relating to various risks. The effective management of risk is vital to the continued growth of the Company.

**3. Principles**

To be effective risk management, all departments of the MSSCL must apply the following principles to the context of the business and its objectives;

- Risk management must create and protect value.
- Risk management is integrated into organizational processes.
- Explicit risk management helps decision-makers make informed choices.
- Risk management is focused on the sources of uncertainty around the achievement of objectives.
- Risk management must be tailored to the context and fit for purpose.
- Risk management is dynamic, iterative, and responsive to change.

**4. Policy**

MSSCL recognizes that Risk management as one of the key drivers of growth and further to enhance corporate governance. Accordingly, the Board has framed the following Risk Management Policy;

- To continuously assess for available risks in the organization which directly or indirectly affect the functioning of the organization.
- To ensure the protection of rights & values of Shareholders by establishing a well-organized Risk Management Framework.
- Selecting, maintaining, and enhancing the risk management tools which inform and support the operations of the entire Organization.

**5. Risk Management Procedures in MSSCL**

The stages of Risk Management process which MSSCL has to follow are given below:

**a. Risk Identification**

This stage related to identifying risk factors, impact areas, events, their causes, and any potential repercussions. The possible event that are coming into day-to-day activities of MSSCL could have a beneficial or negative impact on the company's goals. Accordingly, we have to identify such risk and its impact on one or more objectives of MSSCL.



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**Following are some points which should be kept in mind while identifying risk in MSSCL–**

1. causes and events. – Causes and events which will convert into risk
2. threats and opportunities.
3. vulnerabilities and capabilities.
4. changes in the external and internal context.
5. indicators of emerging risks.
6. consequences and their impact on objectives etc.
7. limitations of knowledge and reliability of information.
8. time-related factors. – How much time we are having to deal with such risk

**b. Risk Analysis**

The possibility of each risk happening, and its potential effects are determined through risk analysis. The number of prior occurrences in the industry, the audit findings from the prior year, anticipated future trends, or existing research shall be used to rate the risk's likelihood of occurrence (frequency). Risks must be evaluated to determine the current degree of risk after taking into consideration the controls already in place. Each risk will be rated as Critical, High, Medium, or Low based on the assessments of the risks.

This is further sub divided as mentioned below-

**Inherent risks** – The risks at inherent level are evaluated assuming there is no control in place for exp. The climatic risk is inherent with the agriculture sector and seed industry.

**Residual risks** – The risks at residual level are evaluated factoring in the controls in place. Although there is a policy or controls in place to treat the risk but still there are some parts which always remains as a potential risk arising on happening of unexpected event.

**c. Risk Evaluation**

"Risk evaluation" involves the comparison of the "risk severity" generated during the "risk analysis stage" with the risk criterion scale (created for both the likelihood and Severity) to determine if any additional action is required.

**Likelihood Rating (LR):**

Rating	Description
1	Has never occurred or negligible chance to occur
2	Has not occurred in last 10 year or less than 50% chance to occur
3	Has occurred in past 10 years or 50:50 chance to occur
4	Has occurred in past 5 years or more than 50% chance to occur
5	Has occurred in last year or Very Likely to Occur (Almost Certain)

**Severity Rating (SR):**

Rating	Description
1	No Loss
2	Minor (Negative impact on internal processing)
3	Moderate (Negative impact on profits, financial loss)
4	High (Loss of opportunities to new business, Customer Dissatisfaction)
5	Very High(loss of credibility of the organization/scheme)



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There could be different decisions which are taken at this level-

- Do nothing further in case of rating 1 & 2.
- Consider risk treatment options.
- Undertake further analysis to better understand the risk.
- Manage and monitor existing controls.
- Reconsider objectives.

**d. Risk Treatment**

**Avoidance (eliminate, withdraw from or not become involved)**

As the name suggests, risk avoidance implies not to start or continue with the activity that gives rise to the risk.

**Reduction (optimize - mitigate)**

Risk reduction or "optimization" involves reducing the severity of the loss or the likelihood of the loss from occurring. Acknowledging that risks can be positive or negative, optimizing risks means finding a balance between negative risk and the benefit of the operation or activity; and between risk reduction and effort applied. For Exp Stop Sale of Infested or damaged seed during placement can reduce the risk of quality complaints.

**Sharing (transfer - outsource or insure)**

Sharing, with another party, the burden of loss or the benefit of gain, from a risk for Exp. Insurance of Assets and Stocks.

**Retention (accept and budget)**

Involves accepting the loss, or benefit of gain, from a risk when it occurs. Risk retention is a viable strategy for 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. This may also be acceptable if the chance of a very large loss is small or if the cost to insure for greater coverage amounts is so great it would hinder the goals of the organization too much.

**e. Risk Monitoring and Reporting**

To ensure that risks are kept within a reasonable range and that treatment measures have been taken and are working, monitoring of risks and treatment activities should be done on a frequent basis. A planned component of the risk management process with clearly defined roles should include ongoing monitoring and periodic reviews of the risk management process and its outcomes. Successful risk management depends on monitoring and review, thus it's important to specify who is in responsibility of carrying out these tasks. The monitoring and review's findings and observations are most helpful when they are well-documented and disseminated. In circumstances where the accepted risk of a particular course of action cannot be adequately mitigated, such risk shall form part of the consolidated risk register along with the business justification and their status shall be continuously monitored and periodically presented to the Management.

**6. Categorization and Mitigation Factors**

The following broad categories of risks have been identified in our risk management framework along with possible mitigation factors;



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Category - Production		
Risk	Responsible Officer	Mitigation Steps
<b><u>HIGH RISK HIGH IMPACT</u></b> <b>1) <u>Natural Calamity</u></b> Natural calamities like flood, draught, excessive rains may affect seed production, particularly Soybean, Moong, Udid and pulses which disturbs whole production chain of various crops and varieties. The Risk has been rated high risk as in present scenario from last five-year seed has been damaged or production affected due to uncertain monsoon.	GM Production	<b>To mitigate this risk following steps are taken</b> <ul style="list-style-type: none"> <li>• Organization of certified seed production program 125 - 150% and foundation seed production program on 150 - 200% depending on requirement of certified as well as foundation seed and the availability of the source seed with MSSCL.</li> <li>• Organization of corrective production program in Maharashtra through seed growers in off season as well as initiative for corrective seed production program through organizers/seed growers of out-state.</li> </ul>
<b><u>HIGH RISK HIGH IMPACT</u></b> <b>2) <u>Difficulties during the organization of seed production program:</u></b> - Difficulties may be faced during the actual implementation of planned seed production program due to non-availability of source foundation seed in respect of certified seed production program and non-availability of source breeder seed against the indented quantity.	GM Production	<ul style="list-style-type: none"> <li>• Reservation of C-I stage seed stock for organization of Certified seed production program (C-II).</li> <li>• Utilization of F-I source Foundation seed for organization of Foundation seed production program (F-II).</li> </ul>
<b><u>LOW RISK LOW IMPACT</u></b> <b>3) <u>Recovery of raw seed advance paid to seed growers:</u></b> - As per policy, in most of the crops the 80 % raw seed advance is paid to the seed growers after receipt of their raw seed to Seed Processing Plants (SPPs). If the lot failed in Seed Testing Laboratory (STL) result it become difficult to recover the raw seed advance. This situation comes when market rates are on downtrend post procurement of raw seed, this comes at moderate intervals say once in five years.	Regional Managers/ District Managers/ AFOs	The pending advance is recovered from the Subsidy/MSP-APMC rate difference payable to seed growers if any.
<b><u>MODERATE RISK HIGH IMPACT</u></b> <b>4) <u>Excess production:</u></b> - Every year the seed production programme is organized as per the requirement given by Marketing & the production programme is executed based on the average productivity received in previous 3 years. But in certain crop/varieties like Gram, Tur, Soybean etc even after proper planning the actual availability is received over the plan & the same is tendered from the seed growers compulsorily as we have to accept the raw seed as per the field inspection reports of Maharashtra State Seed Certification Agency (MSSCA). This is a Moderate Risk not arrived in last five years but it seed remained unsold financial impact is significant	GM Production	<ul style="list-style-type: none"> <li>• Exploitation of liquidation of over &amp; above planned quantities in adjacent States specially the Corporations of respective States.</li> <li>• Keeping the over &amp; above produced seed quantities in MSSCL godowns &amp; liquidation of the same in next year after revalidation.</li> </ul>



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<b>Category - Marketing</b>		
<b>HIGH RISK HIGH IMPACT</b> <b>1) Fluctuations in demand of seeds of a particular crop or a specific variety just before the onset of the season, depending upon performance during previous season</b>  The risk is rated high because in last five years scenario it is difficult to assess the crop preference of farmers during Kharif due to uncertain monsoon.	<b>GM Marketing</b>	<ul style="list-style-type: none"> <li>• In seed rolling plan, do not increase volume liability of a particular variety, especially, new variety.</li> <li>• In case of sudden increased demand of a specific crop/variety, try for ad-hoc purchase of the same to fulfil the demand.</li> <li>• In case of excess availability of a certain variety, try to liquidate the same in other states &amp; simultaneously, promote the same through Pricing, Discounts, government schemes, incentive to staff &amp; vigorous advertisement.</li> </ul>
<b>HIGH RISK HIGH IMPACT</b> <b>2) Increasing competition from generic companies, particularly on price basis leading to unsold balance. This situation comes more frequently and affects profitability of product.</b>	<b>GM Marketing</b>	<ul style="list-style-type: none"> <li>• Keep the pricing as reasonable as possible.</li> <li>• Declare special discounts for trade partners depending on the situation.</li> <li>• Create right brand perception through advertising &amp; branding activities.</li> </ul>
<b>MODERATE RISK HIGH IMPACT</b> <b>3) Credit risks associated with dealers.</b>	<b>Regional Managers/ District Managers/ AFOs</b>	<ul style="list-style-type: none"> <li>• Follow the deadlines of recovery strictly.</li> <li>• Secure 5 post-dated/blank cheques every year from the dealers.</li> <li>• Proper and timely accounting e.g. Timely Raising of Invoices.</li> <li>• Situational litigation should be filed timely. (Before 3 years from the last transaction).</li> </ul>
<b>HIGH RISK HIGH IMPACT</b> <b>4) Risk of balance or sales return if there is gap between farmer price and APMC market rates. This can happen when the APMC rates are high during the production procurement policy period for exp. December and January in case of Soybean and the APMC rates drop during subsequent sales season.</b> Due to thin margin unsold stock or sale return has been categorized as high risk.	<b>GM Marketing</b>	<ul style="list-style-type: none"> <li>• Ensure modest pricing so as to liquidate maximum quantity.</li> <li>• Explore alternate sources i.e. Ad-hoc purchase there by averaging the overall price.</li> <li>• Situational Special Discounts for the trade partners.</li> <li>• To mitigate the price difference, seek government support through subsidies.</li> </ul>
<b>LOW RISK HIGH IMPACT</b> <b>5) <u>Regulatory Risks</u>:</b> -Non-Compliance with regulatory requirements e.g. Various applicable acts, Rules Regulation, Seed Licence, Govt. Scheme guidelines.	<b>All HoDs</b>	<p>Adhere to all the regulatory guidelines such as keep including the new products in seed licence, follow guidelines issued by Government under various schemes.</p> <p>Further compliance with various applicable act such as Companies Act, 2013, Seed Act, 1966, Factories Act, Weight and Measurement Act, Pollution Control etc. its rules and regulation as may be issued by Government of India &amp; State Govt from time to time.</p>
<b>LOW RISK HIGH IMPACT</b> <b>6) <u>Placement related Risks</u>:</b> Supply chain disruptions impacting seed placement: Sales of various crops and seeds is season oriented, the seed must be invariably placed before start of season. Further non availability of transportation due to various reasons also affects smooth supply of seeds in market.	<b>GM Marketing</b>	<ul style="list-style-type: none"> <li>• Ensure timely placement of the seed as per the season by proper planning of all the placement related activities.</li> <li>• Execute contracts with various transporter for timely supply of vehicles during season.</li> </ul>



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<b>HIGH RISK HIGH IMPACT</b> <b>7) Climate related Risks:</b> i) Environmental factors, especially, timely or late arrival of monsoon, monsoon percentage forecasts etc. ii) High Dependency on limited crops e.g. Soybean, Gram and Wheat.	<b>GM Marketing</b>	<ul style="list-style-type: none"> <li>• Fill portfolio gaps through alternate sources e.g. Co-marketing tie-ups.</li> <li>• Introduce unique products to increase profitability.</li> <li>• Identify and promote crops varieties which are sustainable during adverse climatic conditions and insects</li> </ul>
<b>HIGH RISK HIGH IMPACT</b> <b>8) Brand Image Risks:</b> Due to various factors infested seed placed in the market tarnishing the brand image.	<b>Plant Managers</b>	<ul style="list-style-type: none"> <li>• Control infestation, proactively, by all means.</li> <li>• The placement and /or sales of infested seeds should be strictly avoided.</li> </ul>
<b>Category - Finance</b>		
<b>LOW RISK LOW IMPACT</b> <b>Risk of Loss of Current Records (Theft &amp; Natural Calamities):</b> - The potential loss of records due to theft or natural calamities has been carefully considered.	<b>All Concerned Staff</b>	This risk can be easily mitigated by maintaining regular data backups, which allows us to recreate lost records if necessary. Additionally, to further safeguard of our physical records installing fire extinguishers in the record rooms, minimizing the risk of record loss due to fire.
<b>LOW-RISK LOW IMPACT</b> <b>1. Risk of Loss of Fixed Deposit Receipts (FDRs):</b> MSSCL's surplus funds are invested with various banks in the form of <b>Fixed Deposit Receipts (FDRs)</b> . There is an inherent risk of <b>loss of FDRs</b> due to natural calamities, theft, fire, or other unforeseen events.	<b>Cashier</b>	<ul style="list-style-type: none"> <li>• The <b>hard copies of FDRs</b> are stored securely in <b>safety cupboards/lockers</b>.</li> <li>• In the unfortunate event if these copies are lost, <b>duplicate copies</b> of the FDRs can be easily obtained from the respective banks by completing a few standard procedures.</li> </ul> These measures ensure that MSSCL's investments remain safeguarded, even in the case of physical damage or loss of documents.
<b>LOW-RISK LOW IMPACT</b> <b>2. Operational Risks:</b> There are also some <b>operational risks</b> , such as errors of omission or errors of principle, which may occur during the preparation of the company's books of accounts. While these errors may occur occasionally, their <b>impact is very low</b> , as they can be rectified in the same or subsequent financial year by posting corrected entries.	<b>AAO/Accountants/ Assistants</b>	<ul style="list-style-type: none"> <li>• Regular reviews and reconciliations are performed to ensure the accuracy of financial records.</li> <li>• Any discrepancies or errors are promptly identified and corrected, ensuring that the financial statements reflect the true and fair view of MSSCL's financial position.</li> </ul>
<b>HIGH -RISK HIGH IMPACT</b> <b>3. Risk of Insufficient Liquidity:</b> - The risk of insufficient liquidity is considered high & the <b>impact of the same is very high</b> as if such event occurs it will affect the day-to-day business activities & shortage of working capital will be faced by MSSCL. To mitigate this adverse situation MSSCL is having <b>Cash Credit facility of ₹50 Crores</b> , which provides adequate financial support to address liquidity challenges.	<b>GM Finance</b>	To mitigate this adverse situation MSSCL is having Cash Credit facility, which provides adequate financial support to address liquidity challenges.



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<p><b>LOW-RISK LOW IMPACT</b>  <b>4. <u>Three-Tier Checking System of payments:</u></b> - Risk of fraudulent payments and related issues like double/ duplicate payments etc.</p>	<p><b>GM Finance</b></p>	<p>1. <b>At Head Office (HO):</b>  Each payment is reviewed at three levels:  <ul style="list-style-type: none"> <li>○ Assistant</li> <li>○ AAO (Assistant Accounts Officer)</li> <li>○ GM (Finance)</li> </ul> </p> <p>2. <b>At District Offices:</b>  Payments are verified by:  <ul style="list-style-type: none"> <li>○ Clerk</li> <li>○ Accountant</li> <li>○ DM (District Manager)</li> </ul> </p> <p>This multi-layered scrutiny ensures that every payment is thoroughly checked from every angle, minimizing the chances of fraud and enhancing the overall security and accuracy of financial transactions.</p>
<p><b>LOW -RISK HIGH IMPACT</b>  <b>5. <u>Statutory Due &amp; their payments:</u></b> - There are various statutory dues like Profession Tax, Provident Fund, TDS, TCS have to paid to Government Authorities on monthly /quarterly/annually basis. If these payments are not paid on time, then huge interest/late fees/penalties are attracted.</p>	<p><b>GM Finance</b></p>	<ul style="list-style-type: none"> <li>• Calendar of monthly statutory payments is made in finance department to make timely payment.</li> <li>• Accordingly, payments of statutory dues are made on timely basis without failure to avoid late fees/penalty/interest etc.</li> </ul>
<b>Category – Processing</b>		
<p><b>LOW-RISK LOW IMPACT</b>  1) Processing Hurdles like Breakdown maintenance, electric maintenance and Strikes makes delay in processing work. No major event has been occurred in last five years, hence such risk is having low impact</p>	<p><b>Plant Engineers</b></p>	<ul style="list-style-type: none"> <li>• Regular repair and maintenance schedules of all machinery at plant should be followed every year with preventative maintenance of all processing machinery, DG sets, forklift truck and etc.</li> <li>• The consumables and miscellaneous spares required regularly should be kept in stock.</li> <li>• One or Two operators at plants must be posted for regular Repair &amp; Maintenance work.</li> <li>• Regular check on wiring electrical appliances MCB, VFD use of proper electric cable. Insulate exposed wire properly. Ensure proper training for individuals working with electrical equipment.</li> <li>• Regular interaction with the labour contractor / hamali workers contractors to continue work in regular basis.</li> </ul>
<p><b>HIGH-RISK HIGH IMPACT</b>  2) Risk associated during storage and transportation of seed and germination</p>	<p><b>Plant Engineers</b></p>	<p>Utmost care shall be taken during the storage and handling of seed however some residual risk which are connected with maintenance of quality of seed needs to be addressed and we are taking following steps to mitigate this risk:</p> <ul style="list-style-type: none"> <li>• The spraying and fumigation schedules must be strictly followed by use of various insecticides and fumigants as specified and keep control on infestation. Further proper stacking of seeds should be undertaken at plant level</li> <li>• Inspection of stock before dispatches of seed at plant level</li> <li>• Seed bags loaded in truck should be covered properly with tarpaulin before dispatches Transit</li> </ul>





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		insurance has to be taken for the same by MSSCL
<b>HIGH RISK HIGH IMPACT</b> <b>3) Plant/Stock Safety:</b> - like fire flood and theft, loss of goods in transit	<b>Plant Engineers</b>	<p>To protect against these risks: MSSCL regularly insures its stock &amp; assets with insurance companies. The stock &amp; assets are periodically insured, ensuring that in the event of any loss due to fire, theft, or natural calamity or loss of goods in transit MSSCL will be adequately compensated.</p>
<b>Category – Quality Control</b>		
<b>LOW-RISK LOW IMPACT</b> <b>1) Risk of Equipment Failure:</b> Malfunctioning of equipments in Seed Testing, Tissue Culture, Biofertilizer and Biofungicide Laboratories may result in inaccurate test results & operational delays.	<b>Seed testing officer</b>	<ul style="list-style-type: none"> <li>• Key equipment's in all the MSSCL labs are regularly calibrated &amp; validated. Routine inspections are conducted to minimize equipment's failures and enhance overall operational efficiency.</li> </ul>
<b>LOW-RISK LOW IMPACT</b> <b>2) Risk associated with Raw Seed Quality:</b> Poor quality of raw seed received at processing plants can affect the final seed quality, Slow down the overall Seed Processing and Escalate the cost of seed processing.	<b>AFOs/ QC Squad</b>	<p>To ensure only high-quality raw seed enters processing units, MSSCL has implemented the following mitigation measures:</p> <p>MSSCL Field Officers along with Seed Certification Officers inspect Seed Quality at field level at the time of sealing. Poor quality seed lots are identified and rejected at the field level itself.</p> <p>In case of seed lots of sensitive crops like Soybean &amp; Rain touch seed lots, seed samples are drawn at field level and sent to MSSCL's Seed Testing Laboratories. Only seed lots qualifying in the quality tests are permitted to bring at MSSCL seed processing units.</p> <p>As per the defined policy additional seed testing is conducted at the plant level before processing to ensure consistent quality.</p> <ul style="list-style-type: none"> <li>• This multi-stage quality screening minimizes the risk of poor-quality seed, reduces processing costs and time..</li> </ul>
<b>LOW RISK HIGH IMPACT</b> <b>3) Intellectual Property (IP) Risks</b> The company's intellectual property (like patents, trade secrets, or proprietary knowledge) may face risks such as theft, misuse, or loss, which can lead to loss of competitive edge, legal issues, and financial damage.	<b>All Hods</b>	<ul style="list-style-type: none"> <li>• Register all commercially important Mahabeej Research Varieties under the <i>Protection of Plant Varieties and Farmers' Rights Act, 2001 (PPV&amp;FRA)</i>.</li> <li>• Register company logos, trademarks, and brand names under the <i>Trademarks Act</i>.</li> <li>• Apply for patents where applicable under the <i>Patents Act</i> for innovative technologies and proprietary processes.</li> <li>• Maintain proper documentation and legal ownership records for all intellectual properties.</li> <li>• Regularly monitor and enforce IP rights to prevent unauthorized use or infringement.</li> <li>• This ensures legal protection, secures competitive advantage, and prevents financial or reputational loss.</li> </ul>
<b>LOW RISK HIGH IMPACT</b> <b>4) Ineffective or Poor Seed Quality</b>	<b>GM (QC), Regional Managers/ District Manager</b>	<p>To minimize risks related to seed quality complaints, MSSCL has established a structured</p>



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<p><b>Complaint Redressal Mechanism</b>  can lead to Farmer dissatisfaction and loss of trust, Damage to the company's reputation, Regulatory non-compliance or legal actions, financial liabilities due to compensation claims and Loss of market share due to negative feedback. A weak mechanism may fail to identify and resolve genuine issues, allowing quality lapses to persist and eroding brand credibility over time.</p> <p>This situation comes once in five years but having major impact on brand image of organisation, however the frequency of arrival of risk is significantly low.</p>		<p>Quality Complaint Redressal Policy that includes:</p> <ul style="list-style-type: none"> <li>• Clearly defined process for receiving, recording, and resolving complaints.</li> <li>• Timely investigation and follow-up at field and processing levels.</li> <li>• Root cause analysis to identify quality gaps and prevent recurrence.</li> <li>• Proper documentation and review to ensure accountability.</li> <li>• This mechanism ensures prompt resolution, protects the company's reputation, and enhances customer confidence.</li> </ul>
<b>CATEGORY – OTHER GENERAL RISKS</b>		
<p><b>LOW RISK LOW IMPACT</b></p> <p><b>1) Electronic Data and Cybersecurity related risk</b>  <b>Data Loss:</b> Data stored of various Departments in electronic form, servers and e-mails may be lost, resulting in difficulty to perform day to day transactions</p> <p><b>Cybersecurity Threats:</b> If data is stored digitally without adequate protection, there may be risks of cyberattacks or data breaches, compromising company data or confidential information.</p>	<p><b>System Manager</b></p>	<ul style="list-style-type: none"> <li>• Data is regularly backed up at multiple channels for further use if it is lost.</li> <li>• Following regular/timely Software &amp; Antivirus update.</li> <li>• Installation of firewall to secure the network from hackers and malwares.</li> <li>• Secured website and applications will helpful to minimize chances of cyberattacks</li> </ul>
<p><b>2)Software &amp; System Failure:</b>  Software and system failures refer to incidents where technology (software, hardware, networks, etc.) used within the company fails to function properly, leading to disruptions in operations, loss of data, or violations of regulations. These failures may involve issues like: Application crashes or System downtime, Data loss or data corruption, Security breaches.</p>	<p><b>System Manager</b></p>	<ul style="list-style-type: none"> <li>• The existing system and software need to be updated at regular intervals</li> <li>• Execute Annual Maintenance contract with professional agencies.</li> <li>• Periodic Audit of existing system from Professional Audit agencies</li> </ul>
<p><b>3)Risk Associated with Employees</b></p> <p>Risk associated with employees Welfare, Health, Safety, Employees rollout ratio, training and financial security</p>	<p><b>GM (Administration)</b></p>	<p>Some common risk which are associated with employee is high rollout of skilled staff from organisation due to various reason which disbalance the whole work, some important steps to mitigate this risk are given below:</p> <ul style="list-style-type: none"> <li>• Work life balance should be ensured among all the employees.</li> <li>• Medical check up of workers/employees at regular intervals</li> <li>• Giving Training on various subjects to employees to enhance their skills</li> </ul>



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		<ul style="list-style-type: none"><li>• Reasonable pay as per the Government and Industry standard on time gives financial security</li></ul>
4)Global Risk and Risk Associated with Government Policy	Board will take corrective steps	This risk is unpredictable in nature and some time affects the basic structure of the organization some the examples are War, Pandemic, discontinuation or major changes in treaties with other countries, sudden adverse changes in Government Policy rules and regulations.

## **7. Risk Monitoring and Reporting**

As defined in point no 5 given above monitoring and reporting after identification and analysis of potential risks and its treatment activities should be done on a frequent basis. Successful risk management depends on monitoring and review, thus it's important to specify the responsibility of carrying out these tasks. Also, status shall be continuously monitored and periodically presented to the Management.

Further, updated information materially affecting the risk profile will be provided which will enable the Board to understand the likely future risk profile of the MSSCL. These will be reported to the Board at least once in a year. However, considering the severity of risk it should be reported as and when required.

The compliance report for each mitigation step should be submitted by each HOD before quarterly Board of directors meeting in a tabular format. Company secretary shall compile the compliance report and present it before the Board for perusal and necessary directions

## **8. Responsibility**

Risk analysis, evaluation and treatment can be performed by the respective Head of Departments under the guidance of Managing Director ("Management") of MSSCL. Responsibility for risk management is shared across the organization under various heads. Key responsibilities include:

- ♦ Controlling the risks by following the above-mentioned mitigation steps or steps suggested by management as per the risk category.
- ♦ The Board may satisfy itself annually, or more frequently as required, that management has developed and implemented an effective risk management framework.

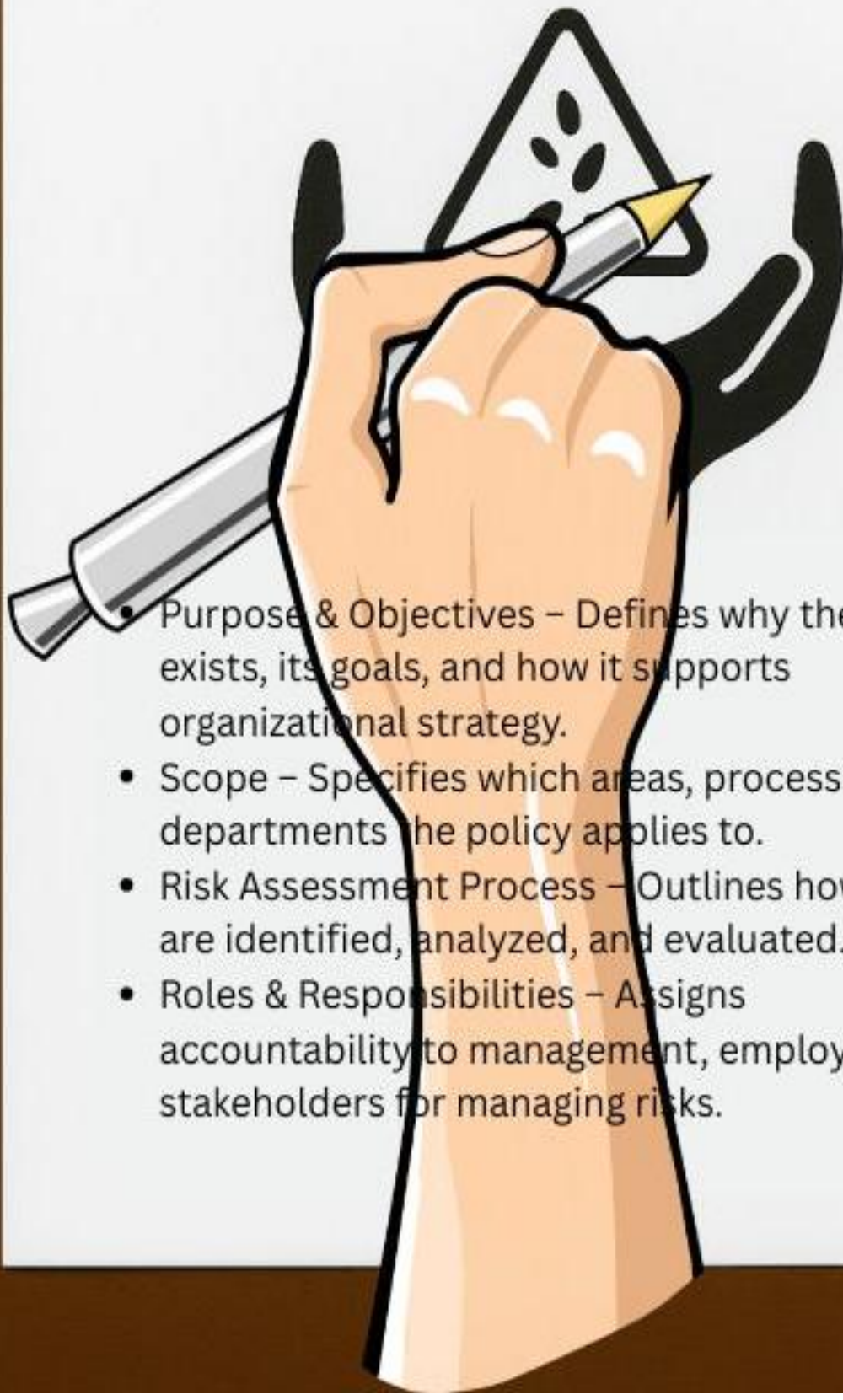
**9. Risk Management as on-going process** – To ensure continued implementation of company's risk management policy and strategy, critical review and refresh process shall be adopted within the organisation on an on-going basis. It would inter-alia include the following:

## **10. Review**

The Policy may be reviewed as may be required from time to time. If there is any modification, that would require an approval by the Board of Directors.

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# RISK MANAGEMENT POLICY



- Purpose & Objectives – Defines why the policy exists, its goals, and how it supports organizational strategy.
- Scope – Specifies which areas, processes, or departments the policy applies to.
- Risk Assessment Process – Outlines how risks are identified, analyzed, and evaluated.
- Roles & Responsibilities – Assigns accountability to management, employees, and stakeholders for managing risks.