



(Formerly known as APPL Containers Private Limited)

We Run With Quality

MANUFACTURER AND EXPORTER OF ALL TYPE OF CONTAINERS

- Survey No. 131-B, 132, 132P1, Near Khodiyar Mandir, Bhavnagar-Rajkot Highway, Shampara (Khodiyar), Shampara, Bhavnagar, Gujarat, 364060
- CIN :- U28129GJ2021PLC126531

RISK MANAGEMENT POLICY

APPL CONTAINERS LIMITED



FOR APPL CONTAINERS LIMITED

DIRECTOR



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1. PREAMBLE

- 1.1. Risk is the inherent aspect of the dynamic business environment. Risk management policy helps organisations to put in place effective framework for taking informed decisions about risks. To minimise the adverse consequence of risks on business objectives, APPL Containers Limited (the "Company/APPL") has framed this Risk Management Policy. The guidance provides a route map for risk management, bringing together policy and guidance from Board of Directors.
- 1.2. Accordingly, the Board of Directors of our Company adopted this policy at its meeting held on **November 02, 2021** which can be amended from time to time and shall come into effect from the date of listing of the Equity Shares of the Company.

2. OBJECTIVE

At APPL, we believe that an effective Risk management process is the key to sustained operations thereby protecting Shareholder value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities.

Importance of Risk Management:

A certain amount of risk taking is inevitable if the Organisation is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance by contributing to:

- Increased certainty and fewer surprises
- Better Service delivery
- More effective management of change
- More efficient use of resource
- Better management at all levels through improved decision making
- Reduced waste and fraud, and better value for money
- Innovation
- Management of contingent and maintenance activities
- Higher customer satisfaction

3. POLICY STATEMENT



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The Company is committed to adopt a proactive approach to risk management which is based on the following underlying principles:

- An endeavour to create a culture of informed decision-making at all levels of the organisation.
- The Company strives to anticipate and take preventive action to manage or mitigate risks and deal with the residual risk.
- The Company will develop, implement, review and monitor a uniform risk management policy, framework and plan across all business units, functions and locations.
- The Company will develop and deploy relevant capability building measures for concerned employees and relevant stakeholders to ensure effective risk management.
- All employees of the Company take responsibility for the effective management of risks in all aspects of the business.

4. REQUIREMENT AS PER COMPANIES ACT, 2013 (THE "ACT")

Responsibility Of Board: As per section (134) (n) of the Act, the board of Directors' report must include a statement indicating development and implementation of risk management policy of the company including identification of elements of risk, if any, which in the opinion of the board may threaten the existence of the Company.

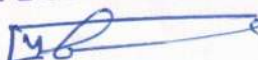
Responsibility of the Audit Committee: As per section 177 (4) (Vii) of the Act, the audit committee shall act in accordance with the terms of reference specified in writing by board which shall, inter alia, include evaluation of internal financial control and risk management system.

Responsibility of Independent Directors: As per schedule IV [part II- (4)] of the act, Independent Directors should satisfy themselves that financial controls and system of risk management are robust and defensible.

5. REQUIREMENT OF SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015 (LISTING REGULATIONS, 2015)

Regulation 4(f)(ii): Responsibilities of Board of Directors

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- Reviewing and guiding corporate strategy, major plans of action, risk policy of the company
- Ensuring the integrity of the listing entity's accounting and financial reporting systems including the independent audit, and that appropriate systems of control are in place, in, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

Regulation 17(9)(a) & (b) prescribes:

- The listed company entity shall lay down procedures to inform members of board of directors about risk assessments and minimisation of procedures
- The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan of the listed entity

Regulation 21 (1): Risk Management Committee

- The Board of Directors shall constitute a Risk Management Committee Schedule II Part C- Role of Audit Committee and review of information by Audit Committee
- Audit and Finance Committee shall evaluate internal financial controls and risk management system of the company

6. DEFINITIONS

"Audit Committee" means Committee of Board of Directors of the Company constituted as per the requirements under Section 177 of the Companies Act, 2013 read with SEBI Listing Regulations, 2015.

"Board of Directors / Board" means as per section (10) of "The Companies Act, 2013", in relation to a company, means the collective body of Directors of the company.

"RMP/ Policy" means this Risk Management Policy

"Risk" as defined in the standard of Internal audit (SIA) 13 issued by the Institute of Internal Auditors means an event which can prevent, hinder and fail to further or otherwise obstruct the enterprise in achieving its objectives. A business risk is a threat that an event or action will adversely affect an enterprise's ability to maximise stakeholder value and to achieve its business objectives. Risk can cause financial disadvantage, for example, additional costs or loss of funds or assets. It can result in damage, loss of value and /or loss of an opportunity to enhance the enterprise operations or activities. Risk is the product of probability of occurrence of an event and the financial impact of such occurrence to an enterprise.



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- Strategic Risks are associated with the primary long-term purpose, objectives and directions of the business.
- Operational Risks are associated with the ongoing, day to day operations of the enterprise.
- Financial Risks are related specifically to the processes, techniques and instruments utilized to manage the finances of the enterprise, as well as those processes involved in sustaining effective financial relationships with customers and third parties
- Knowledge Risks are associated with the management and protection of knowledge and information within the enterprise.

“Inherent Risks” means the level of risk that exists or is assessed without undertaking any action to mitigate such risk. The risk management process focuses on areas of high inherent risk, with these documented in the Risk Register. Recent performance in delivering a core service that is below expectations or does not meet agreed targets should be considered an indicator of high inherent risk.

“Residual Risks” means the degree of residual (or remaining) risk after the implementation of treatments to mitigate all types of risks that have been identified with the expectation that an unacceptable level of residual risk would remain only in exceptional circumstances.

“Risk Appetite” means the amount of risk, on a board level, an Organisation is willing to accept in pursuit of value.

7. RISK ORGANISATION STRUCTURE

For successful implementation of risk management framework, it is essential to nominate senior management member to lead the risk management teams. Periodic workshops will be conducted to ensure awareness of the policy and the benefits of following them. This will ensure that risk management is fully embedded in management process and consistently applied. Senior management involvement will ensure active review and monitoring of risks on constructive manner

8. ROLES & RESPONSIBILITY

The roles and responsibility of identification and management of risk is identified below:

Description	Constitution	Roles and Responsibility	Accountable to
Risk Management Committee	• Constituted with approval of board/CMD	• To frame, implement and monitor the Risk	Board of Directors



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	<ul style="list-style-type: none"> • Business Head as chairman of RMC • Finance Manager as Chief Risk Officer • Company Secretary as convener • Coordinator • Other members are as appointed by the board 	<ul style="list-style-type: none"> • Management plan for the company • To ensure that the Risk Management policy is being followed and effectively contributing to early identification of risks and proper mitigation process • To review and approve list of risk identified, risk treatment and controlled mechanism • To lay down procedure to inform the Board members about the risk assessment and minimisation process 	
Chief Risk Officer (CRO)	<ul style="list-style-type: none"> • CRO shall be nominated by RMC • CRO shall be supported by Risk sub committee 	<ul style="list-style-type: none"> • To coordinate meeting of RMC at least once in each quarter • To monitor the mitigation plan for the risks identified in the consolidated risk register and place it for review of Risk Management Committee in the meeting 	RMC/Board of Directors
Risk Sub Committee	<ul style="list-style-type: none"> • Shall be informed at each location of operations of the Company and its Subsidiaries • RSC shall comprise of Risk Champion and Risk owners 	<ul style="list-style-type: none"> • To evaluate the risk and mitigation plan recommended by Risk owners • Risk subcommittee shall hold it's meeting at least once in every month 	Risk Management Committee
Risk Champion (RC)	<ul style="list-style-type: none"> • Respective Unit Heads/ Sector Heads/ Functional Heads will be Risk Champion for unit RSC(s) • Unit head will also act as Risk owner of different strategic risks which are not covered under the scope of various department heads 	<ul style="list-style-type: none"> • To give directions to Risk owners for mitigating the risks identified • To prepare draft risk analysis, risk treatment and control mechanism • Risk subcommittee will update risk register and communicate to CRO 	Risk Management Committee

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		<ul style="list-style-type: none"> • Risk register should be updated for any new risk identified to be placed for RMC approval 	
Risk Owners	Risk owners shall be nominated by Risk champions	<ul style="list-style-type: none"> • The Risk Owner will be responsible for identification and mitigation of risk of their respective areas. • Risk Owners shall present the new risk identified along with proposed mitigation plan to Risk Subcommittee and Risk Champion for approval • Identify future risk, evaluate the nature of risk and formulate the steps of mitigation • To maintain and update register of their concerned areas and Communicate to RC 	Risk Champion

9. STEP

Risk management is a shared responsibility. The risk management process model includes the following key activities performed on a continuous basis.

- a) Risk Identification
- b) Risk Analysis
- c) Risk Assessment and Control

A. Risk Identification:

Risk Identification means identifying the source or origin of risk.

The functional head shall be responsible for identifying risk associated with their department. They shall identify the risk on regular basis and document all the risk that can negatively affect their department and company overall objective and performance.



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The Risk Management committee shall, on periodic basis, oversee and review the Risk Identification Process adopted by the functional head.

B. Risk Analysis:

A risk analysis is a process in which you determine the defining characteristics of each risk and assign each a score based on your findings.

The risk identified by the functional head shall be analysed by identifying the possible threats that company may face and estimating the likelihood that these threats will materialize.

C. Risk Assesment and Control:

The identified external and internal risk factors are assessed by the responsible functional head. All the assessed risk shall be reported to Risk Management Committee and appropriate action shall be taken to deal with those risk either by avoidance, reduction, retention or transfer.

Risk Control Policy shall be made to deal with those risks that neither avoided nor transfer.

An effective internal control system should be exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management.

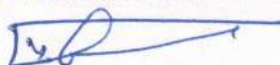
10. RISK MANAGEMENT COMMITTEE

The Company has a committee of the Board, namely, the Risk Management Committee, which was constituted with the overall responsibility of overseeing and reviewing risk management across the Company.

The terms of reference of the Risk Management Committee are as follows:

- a) review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
- b) review of operational risks;
- c) review of financial and reporting risks;
- d) review of compliance risks;

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- e) review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value;
- f) review the extent to which management has established effective enterprise risk management at the Company;
- g) inquiring about existing risk management processes and review the effectiveness of those processes in identifying, assessing and managing the Company's most significant enterprise-wide risk exposures;
- h) review the Company's portfolio of risk and consider it against its risk appetite by reviewing integration of strategy and operational initiatives with enterprise-wide risk exposures to ensure risk exposures are consistent with overall appetite for risk; and
- i) review periodically key risk indicators and management response thereto.

11. RESPONSIBILITY:

Managing enterprise-wide risks is a collective responsibility of all the employees of the Company. Under effective guidance and oversight of Board, the Risk Management Committee shall ensure the development and implementation of an effective risk management system across the Company through active support and participation of all the employees, including Risk Champions.

12. REVIEW AND AMENDMENT TO THE POLICY

The Risk Management Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

The Board shall also review the policy atleast once every two years and amend it, if required.



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DIRECTOR