



APL APOLLO TUBES LIMITED

RISK MANAGEMENT POLICY

[Approved by the Board of Directors on 12th April 2019 and subsequently amended on 28th October 2021]

BACKGROUND

APL Apollo Tubes Limited (“Company”) considers ongoing risk management to be a core component of the Management of the Company, and understands that the Company’s ability to identify and address risk is central to achieving its corporate objectives.

The Company’s Risk Management Policy (“the Policy”) outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture. This policy is formulated in compliance with regulation 17(9)(b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 (“Listing regulations”) and 134(3)(n) of the Companies Act, 2013 (“the Act”) read along with other applicable provisions that requires Corporates to institute risk management framework comprising a process for risk assessment and minimization procedures, in order to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts on the Company and capitalize on opportunities.

Accordingly the Board of the Directors of APL Apollo Tubes Limited (“the Company”) has approved this Risk Management Policy (“Policy”).

OBJECTIVE

The Company is exposed to several types of risks, including operational, regulatory and financial risks. The key objective of this Policy is to ensure sustainable business expansion with stability, and to promote an upbeat approach in risk management process by eliminating risks. In order to achieve this key objective, this Policy provides a pro-active and well-organized approach to manage various types of risks associated with day to day business of the Company and minimize adverse impact on its business objectives. Main objectives of the Policy are:

1. To establish a framework for 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 identified from time to time;
2. To provide for measures for risk mitigation including systems and processes for internal control of identified risks;
 3. To lay down a Business continuity plan in case of unforeseen disruptions;
 4. To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified appropriately and mitigated, minimized and managed i.e. to ensure adequate systems for risk management;
 5. To ensure systematic and uniform assessment of risks related with different projects of the Company;
 6. To protect brand value through strategic control and operational policies;
 7. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices and
 8. To reduce volatility in various areas of the business

RISK MANAGEMENT SYSTEM

For successful implementation of risk management plan, it is essential to clearly define the Risk Management System. The Board of Directors of the Company shall constitute a Risk Management Committee comprising minimum three members with majority of them being members of the board of directors, including at least one independent director or such other composition as may be prescribed by the applicable SEBI Regulations or other statutes.

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 Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.

The risk management committee shall meet at least twice in a year and as and when it may deem fit.

The Committee shall facilitate in drawing a Risk Management System, which help the Company in the areas of risk identification, assessment, monitoring, mitigation and reporting.

The Risk Management System shall comprise of the following:

i. Identification and Risk Analysis

Risk Identification is obligatory on all vertical and functional heads who with the inputs from their team members are required to report the material risks to the Chairman of the Risk Management Committee along with their views and recommendations for risk mitigation.

Analysis of all the risks thus identified shall be carried out by Risk Management Committee through participation of the vertical/functional heads and a preliminary report thus finalized shall be placed before the Audit Committee. Risk analysis involves the consideration of the source of risk, the consequence and likelihood of the risks to estimate the inherent or unprotected risk without controls in place..

- ii. **Risk identification:** To identify organization's exposure to uncertainty. Risk may be classified in the following categories:
 - i. Strategic: Business plans which have not been developed properly and comprehensively since inception may lead to strategic risk.
 - ii. Operational: It arises due to inadequate systems, system capacities, system failure, and obsolescence risk, management failure on account of lack of co-ordination, faulty control or human error.
 - iii. Financial: The risk which has some direct financial impact on the entity is treated as financial risk.
 - iv. Reputational: It is multidimensional and reflects the perception of other market participants
 - v. ESG: ESG risks may relate to climate change impacts mitigation and adaptation, environmental management practices and duty of care, working and safety condition, respect for human rights, anti-bribery and corruption practices, and compliance with relevant laws and regulations.
 - vi. Cyber security and information security: may relate to the probability of exposure or loss resulting from a cyber attack or data breach on the organization due to vulnerability in the system or otherwise

Risk Description: To display the identified risks in a structured format

Name of Risk	Remarks
Scope of Risk	Qualitative description of events with size, type, number etc.
Nature of Risk	Strategic, Operational, Financial, Reputational, ESG, Cyber security and information security
Quantification of Risk	Significance and Probability
Risk Tolerance/ Appetite	Loss Potential & Financial Impact of Risk
Risk Treatment & Control Mechanism	a) Primary Means b) Level of Confidence c) Monitoring and Review
Potential Action for Improvement	Recommendations to Reduce Risk
Strategy & Policy Development	Identification of Function Responsible to develop Strategy and Policy

iii. **Risk Evaluation:**

After risk identification, comparison of estimated risks against organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk to be accepted or treated. On a periodic basis risk, external and internal risk factors are to be assessed by functional heads.

iv. **Risk Estimation:**

Can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

In determining what constitutes a given level of risk the following scale is to be used for likelihood/probability of occurrence:

Level	Descriptor
5	Very high likelihood
4	High likelihood
3	Moderate likelihood
2	Low likelihood
1	Very low likelihood

Impact level on performance/profit – Both Threats and Opportunities

In determining what constitutes a given level of risk the following scale is to be used for impact:

Level	Descriptor
5	Very high impact
4	High impact
3	Moderate impact
2	Low impact
1	Very low impact

v. Risk Treatment

Based on likelihood and impact classification of various risk, top risks should be identified and dashboards shall be created to track external and internal indicators relevant for risks, so as to indicate the risk level. The trend line assessment of top risks, analysis of exposure and potential impact shall be carried out. Mitigation plans including risk avoidance, risk transfer (insurance), risk financing, risk absorption etc., but not limited to shall be finalized, owners identified, and progress of mitigation actions shall be regularly & periodically monitored and reviewed.

The Board shall have the discretion to deal with certain risks (may be called Key or Highly Sensitive Risks) in the manner it may deem fit. Mitigation of such Highly Sensitive/Key risks and effectiveness of their mitigation measures and review of the strategy may be directly discussed by the Board members with Risk Management Committee.

vi. Risk Register

Risk Registers shall be maintained showing the risks identified, treatment prescribed, persons responsible for applying treatment, status after the treatment etc. Risk Managers and Risk Officers to be identified for proper maintenance of the Risk Registers which will facilitate reporting of the effectiveness of the risk treatment to the Risk Management Committee and the Board.

The Risk Management Committee shall from time to time review and update the Risk Register basis change in nature of existing risk or identification of new risk.

Enterprise Risk Planning (ERP package) shall play a key role in timely availability of all data/reports required for the Committee to develop the Action Plan as stated above.

vii. Risk Monitoring

The Functional Head associated with each risk are responsible for monitoring and reviewing the Risk. As a part of review, the progress of implementation plan of risk mitigation, change in nature of risk along with changes in the regulatory environment and business practices which have an impact on the risk, shall be reviewed.

The assumptions made in the previous risk assessment (hazards, likelihood and consequence), the effectiveness of controls and the associated management system as well as people need to be monitored on an on-going basis to ensure risk are in fact controlled to the underlying criteria.

The Risk Management Committee shall be responsible for overall review of the Risk Management System and implementation of this Policy.

viii. Communication & Reporting

1. Internal Reporting

The Risk Management Committee shall be responsible for submitting its review report on the working of the Risk Management System and implementation of this Policy to the Board.

Further risks having significant impact on the Company should be brought to the notice of the Board immediately on its occurrence. Entity level risks such as project risks, account level risks etc. shall be reported to and discussed at appropriate levels of the Company

2. External Reporting

The Company shall make necessary disclosure with respect to Risk Management in the Board Report, Corporate Governance Report etc., as per the statutory requirements.

ROLE OF RISK MANAGEMENT COMMITTEE

The Risk Management Committee shall be responsible for the following:

1. To formulate the detailed risk management Policy;
2. To implement the Risk Management System under the supervision of the Board of Directors
3. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
6. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
7. To examine the organization structure relating to Risk management

8. To review all hedging strategies/risk treatment methodologies vis-a-vis compliance with the Risk Management Policy and relevant regulatory guidelines
9. To define internal control measures to facilitate a smooth functioning of the risk management systems
10. Ensure periodic review of operations and contingency plans and reporting to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems.

The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall have 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. The Risk Management Committee shall have access to any internal information necessary to fulfill its oversight role.

RISK TREATMENT – MITIGATION

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

1. Involve all functions in the overall risk identification and mitigation exercise;
2. Link the risk management process to the strategic planning and Internal Audit process;
3. The Risk Management Committee may in its judgment periodically commission risk management analysis of the Company;
4. 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.

BUSINESS CONTINUITY PLAN

Business continuity plan refers to maintaining business functions or quickly resuming them in the event of a major disruption, whether caused by a fire, flood or any other act of god. A business continuity plan outlines procedures and instructions an organization must follow in the face of such disasters; it covers business processes, assets, human resources, business partners and more. Company shall have well documented Business continuity plan for any contingent situation covering all perceivable circumstances. The Risk Management Committee shall ensure that the Company lays down a business continuity plan. The Business continuity plan may be reviewed and amended by the Risk Management Committee.

REVIEW

This Policy shall reviewed by the Risk Management Committee, at such interval at its thinks fit. Amendments (if any) in the Policy shall be approved by the Board on the recommendation of Management Committee.

This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company.

AMENDMENT

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.