ENCODE PACKAGING INDIA LIMITED
'RISK MANAGEMENT POLICY'

INTRODUCTION

The Board of Directors of Encode Packaging India Limited ('the Company') has adopted the following policy and procedures with regard to risk management as defined below. The Company is in the process of forming a Risk Management Committee. The Board may review and amend this policy from time to time.

Definitions

"**Audit Committee**" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Listing agreement.

"**Board of Directors"** or "Board" in relation to a Company, means the collective body of Directors of the Company. (Section 2(10) of the Companies Act, 2013)

"**Policy**" means Risk Management Policy.

BACKGROUND

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realised.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Liquidity, competition, Business risk, Technology obsolescence, business cycle, increase in price and costs, limited resources, retention of talent, etc.

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 new Companies Act, 2013 and the Clause 49 of the Equity Listing Agreement have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain 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.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall *inter alia* include evaluation of risk management systems.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company

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 business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

1. 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.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability.

AUTHORITY

The Committee shall have free access to management and management information. The Committee, at its sole authority, may seek the advice of outside experts or consultants where judged necessary.

ROLE OF THE BOARD

The Board will undertake the following actions to ensure risk is managed appropriately:
1. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
2. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.
3. Ensure that the appropriate systems for risk management are in place.
4. The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible; Participate in major decisions affecting the organization's risk profile;
5. Have an awareness of and continually monitor the management of strategic risks;
6. Be satisfied that processes and controls are in place for managing less significant risks;
7. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
8. Ensure risk management is integrated into board reporting and annual reporting mechanisms;
9. Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

RISK MANAGEMENT PROGRAM

The day to day oversight and management of the company's risk management program has been conferred upon the Risk Management Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board on the effectiveness of the risk management program in identifying and addressing material business risks. To achieve this, the Risk Management committee is responsible for:

- Managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- Setting up internal processes and systems to control the implementation of action plans;
- Regularly monitoring and evaluating the performance of management managing risk;
- Providing management and employees with the necessary tools and resources to identify and manage risks;
- Regularly reviewing and updating the current list of material business risks;
- Regularly reporting to the Board on the status of material business risks; and

- Ensuring compliance with regulatory requirements and best practices with respect to risk management.

RISK IDENTIFICATION

In order to identity and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company presently focuses on the following types of material risks:
1. Technological risks;
2. Strategic business risks;
3. Operational risks;
4. Ouality risk;
5. Competition risk;
6. Cost risk;
7. Financial risks;
8. Human resource risks; and
9. Legal/ regulatory risks.

COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk.

REVIEW

This policy shall be reviewed at a minimum at least every year to ensure it meets the requirements of legislation & the needs of organization.

AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company