

The logo watermark consists of a large, light blue double-lined circle. Inside this circle is a red stylized 'V' shape. The top of the 'V' is a large, bold letter 'S'.

**VIBHOR STEEL TUBES LIMITED**

**RISK MANAGEMENT POLICY**

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## 1. PREFACE

**Vibhor Steel Tubes Limited** (hereinafter referred as “VSTL” or “the Company”).

Our Company was originally incorporated as ‘Vibhor Steel Tubes Private Limited’ a private limited company under the Companies Act, 1956 at, pursuant to a certificate of incorporation dated April 16, 2003 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Thereafter, our Company was converted from private to public company, pursuant to a special resolution passed by the shareholders of our Company on June 14, 2023 and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies, Delhi (“RoC”) on July 07, 2023.

Vibhor Steel Tubes Limited is manufacturers and exporters of Mild Steel/Carbon Steel ERW Black and Galvanized Pipes, Hallow Steel Pipe, Cold rolled Steel (CR) Strips/ Coils. We are 2 decades old manufacturer, exporter and supplier of steel pipes and tubes to various heavy engineering industries in India. Steel pipes and tubes can be used for many purposes such as steel pipes for frames and shafts, steel pipes for bicycle frames, steel pipes for furniture, CDW pipes for shockers, steel pipes for various structural purposes, steel pipes for various engineering purposes etc. We have a very wide range of steel pipes and tubes products. The lengths of the steel pipes & tubes in different ranges unless otherwise specified by the customers. We manufacture steel pipes and tubes in various shapes and size such square, round, rectangular and elliptical or any special shape.

Keeping in view business of the Company, this Risk Management Policy is formed.

## 2. LEGAL FRAMEWORK

Risk Management Policy is framed as per the following regulatory requirements:

Regulation 17(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) and provisions of Companies Act, 2013, as amended which requires the Company to laydown procedures about risk assessment and risk minimization.

### Companies Act, 2013

i) **Provisions of Section 134(3)**: There shall be attached to financial statements laid

before a company in general meeting, a report by its Board of Directors, which shall include— (n) 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.

*ii) **Section 177(4) stipulates:*** Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include, — (vii) evaluation of internal financial controls and risk management systems.

### **3. PURPOSE**

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 and to abide by the provisions of the Companies Act, 2013.

### **4. DEFINITIONS**

- a) **Risk:** Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.
- b) **Risk Management:** Risk Management is the process of systematically identifying, quantifying, mitigating and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.
- c) **Risk Strategy:** The Risk Strategy of a company defines the company's standpoint towards dealing with various risks associated with the business. It includes the company's decision on the risk tolerance levels, and acceptance, avoidance or transfer of risks faced by the company.
- d) **Risk Assessment:** Risk Assessment is defined as the overall process of risk analysis and evaluation.
- e) **Risk Estimation:** Risk Estimation is the process of quantification of risks.

Any other term shall have the same meaning as defined in the Companies Act, 2013 or any other applicable law or regulations.

### **5. ROLES & RESPONSIBILITY**

The risk management roles and responsibilities will be as under:

<b>Board of Directors</b>	<ul style="list-style-type: none"><li>a) Approve risk policy and strategy</li><li>b) To ensure that the Risk Management Policy is being followed and effectively contributing to early identification of risks and proper mitigation process.</li><li>c) Delegate the review &amp; monitoring of implementation of Risk Management Policy to the concerned person</li><li>d) Reviews adequacy and effectiveness of business risk management</li><li>e) Advise Business/support functions on Risk initiatives</li><li>f) Responsible for identifying risks</li><li>g) Responsible for preparing risk profile</li><li>h) Responsible for managing risk</li><li>i) Tests compliance at all relevant levels</li><li>j) Quality assurance on risk management process</li></ul>
<b>Employees</b>	<ul style="list-style-type: none"><li>a) Compliance with requirement of this policy</li><li>b) Exercise reasonable care to prevent loss, to maximize opportunity and to ensure that the operations, reputation and assets are not adversely affected</li></ul>

## 6. IDENTIFICATION AND CATEGORISATION OF RISKS

From the perspective of the Company, the risks can be of following nature:

- i. **Contractual Risk** - Contractual risk refers to the risk of having sub-optimal or erroneous clauses in the contract which could potentially compromise interests and/or provide unintended options/exit routes to other parties.
- ii. **Strategic Risk** - These risks are associated with operating in the particular industry and includes risks arising from demand changes or changes in customers, industry changes, intense competition, change in technology, Research & Development etc. These risks pose threats or opportunities which materially affect the ability of the organization to survive.
- iii. **Compliance Risk** - These risks are associated with the need to comply with laws and regulations etc. They also apply to the need to act in a manner which stakeholders and customers expect.
- iv. **Operational Risk** - Such risks are associated with the company's operational and administrative procedures such as breakdown or failure of equipments used at the project sites, weather conditions, interruption in power supply due to breakdown of power generators, shortage of consumables, performance below expected levels of output or efficiency, natural disasters, obsolescence, labour disputes, industrial accidents, our inability to respond to technological advancements and emerging realty industry standards and practices etc.
- v. **Financial Risk** - These risks are associated with financial structure of the company, its transactions and the financial system in place, liquidity risk, regulatory exposures, Imposition of fresh taxes by the Govt. etc.
- vi. **People Risk** - People risk is related with the understanding the needs of the employees and aligning it to organizational goals. This risk refers to the inadequate staffing in terms of number or skill sets for the work on hand or for projected or contingent work etc.
- vii. **Management Risk** - The risks associated with ineffective, destructive or underperforming management, which hurts shareholders and the company or fund being managed. This term refers to the risk of the situation in which the company and shareholders would have been better off without the choices made by management.
- viii. **Information Technology Risk** - Information technology risk may be described as the risk of Failure of hardware, Failure of software or Failure of the network. IT risk

may result in Loss of data, decline in ineffectiveness of management controls, Delay in achieving milestones or Decline in operating efficiency.

- ix. **Environment Risk** - These are associated with release of polluting materials, environmental performance/compliance limits, business opportunities and breach of regulations.
- x. **Transportation Risks:** It includes risk involved in transport & movement of containers containing hazardous or non-hazardous material. Any mishandling of hazardous substances by containers could affect the business adversely. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities.

## **7. 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 Organization's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those rep

## **8. CONTINUOUS ASSESSMENT**

The Company's Risk Management is continuous process which implies a continuing cycle of implementing, monitoring, reviewing and managing risk management processes and simultaneously also sensitizing the organization against all possible risks.

## **9. AUTHORITY FOR APPROVAL & ALTERATIONS**

The Board shall have the authority for approval of this policy.

The Board is authorized to make such alterations to this Policy as considered appropriate, subject, however, to the condition that such alterations shall be in consonance with the provisions of the Acts and Regulations.

## **10. EFFECTIVE DATE**

The policy will be effective with effect from the date of approval by the Board.

**11. DISCLAIMER**

Nothing contained in this Policy shall operate in derogation of any law for the time being in force or of any other regulation in force.

In any circumstance where the terms of this Policy differ from any applicable law governing the Company, such applicable law will take precedence over this Policy and procedures until such time as this Policy is modified in conformity with the Applicable Law.

**For VIBHOR STEEL TUBES LIMITED**

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