



RISK MANAGEMENT POLICY

[Adopted by the Board on 12th August, 2024 and Amended on 10th March, 2025]

VMS TMT LIMITED

CIN: U27204GJ2013PLC074403

Registered Office: Survey No. 214, Near Water Tank, Bhayla, Ahmedabad, Bavla, Gujarat – 382220, India.



1. Introduction:

The Companies Act, 2013 emphasizes the requirement of Risk Management Policy for the Company. Section 134(3)(n) of the Companies Act, 2013 requires that the report by the Board of Directors laid at the general meeting, shall include a statement on the 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, which shall be included in the Board's Report.

The Audit Committee is required to evaluate the internal financial controls and risk management systems of the Company and the Independent Directors shall satisfy themselves that the systems of risk management are robust and defensible. Section 177(4)(vii) of the Companies Act, 2013 provides that Audit Committee shall evaluate the internal financial controls and risk management systems of the company.

Regulations 21(4) of Listing Regulations further provides that the board of directors shall define the role and responsibility 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. Such function shall specifically cover cyber security. It further states that role and responsibilities of the Risk Management Committee shall mandatorily include the performance of functions specified in Part D of Schedule II. (Annexure 1)

VMS TMT LIMITED ("**the 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.

The Policy is formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**") and provisions of the Companies Act, 2013 ("**the Act**"), which mandates the Company to lay down procedures about risk assessment and risk minimization.

- i. The Board of Directors of the Company shall form a Risk Management Committee (hereinafter referred to as "**Committee**") who shall periodically review this Policy of the Company so that the Management controls the risk through properly defined network. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.
- ii. The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day to day basis.

The Risk Management Committee shall provide oversight and will report to the Board of Directors of the Company who have the sole responsibility for overseeing all risks.

2. Risk Management Program:

The Company's risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors as stated above, to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-



day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

The key elements of the Company's risk management program are set out below:

Risk Identification:

In order to identify 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 majorly focuses on the following types of material risks:

- Commodity risk;
- Business risk;
- Foreign exchange risk;
- Technological risks;
- Strategic business risks;
- Operational risks;
- Quality risk;
- Competition risk;
- Realization risk;
- Cost risk;
- Financial risks;
- Human resource risks;
- Legal/Regulatory risks;
- Economic Environment;
- Political Environment;
- Physical risk – that is risk of damage/breakdown to the assets of the company and
- Factors beyond the company's control (including act of God, epidemic, pandemic, war, etc) which significantly reduces demand for its business and/or affects its operations.

Oversight and management:

Board of Directors:

The Board of Directors (“the Board”) is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Committees and Senior Management. The Committees or Management may also refer particular issues to the Board for final consideration and direction.

Risk Management Committee:

The day-to-day oversight and management of the Company's risk management program has been conferred upon the 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 of Directors on the effectiveness of the risk management program in identifying and addressing material business risks.

To achieve this, the 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 in 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;
- review and monitor cyber security; and
- ensuring compliance with regulatory requirements and best practices with respect to risk management.

Further, the Company is exposed to commodity risks on a routine basis due to multiple commodities (imported or domestically procured) utilized in its manufacturing operations. Such risks are managed by a detailed and regular review at a senior level of various factors that influence the commodity prices as well as tracking the commodity prices on a daily basis and entering into fixed price contracts with overseas suppliers in order to hedge price volatility.

The Risk Management committee shall comprise of:

- **Members:** Minimum three (3) members with the majority of them being members of the Board of Directors, including at least one (1) independent director.
- **Chairperson:** Shall be a member of Board and senior executives of the Company may be members of the committee.
- **Meeting:** The Committee shall meet at least twice in a year on a continuous basis in such a manner that not more than one hundred and eighty days shall elapse between any two consecutive meetings.
- **Quorum:** Shall be either two (2) members or one-third (1/3rd) of the members of the Committee whichever is higher, including at least one (1) member of the Board to be present.

Senior Management:

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Risk Management Committee regarding the status and effectiveness of the risk management program.

Employees:

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

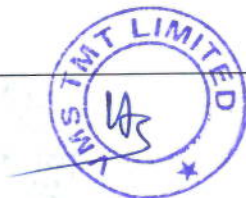
3. Review of risk management program:

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood.

The reporting obligation of Senior Management and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Committee, the Senior Management and employees responsible for its implementation.

4. Risk Management System:

The Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:



- Risk Management system is aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.
- A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.
- Appropriate structures have been put in place to effectively address inherent risks in businesses with unique / relatively high risk profiles.
- A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk managements processes may need to be improved. The Board reviews internal Audit findings, and provides strategic guidance on internal controls. Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

The combination of policies and processes as outlined above adequately addresses the various risks associated with our Company's businesses. The Senior Management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

5. Risk Reporting:

Periodically, key risks are reported to the Board or risk management committee with causes and mitigation actions undertaken/ proposed to be undertaken.

The internal auditor carries out reviews of the various systems of the Company using a risk-based audit methodology. The internal auditor is charged with the responsibility for completing the agreed program of independent reviews of the major risk areas and is responsible to the audit committee which reviews the report of the internal auditors on a quarterly basis.

The statutory auditors carries out reviews of the Company's internal control systems to obtain reasonable assurance to state whether an adequate internal financial controls system was maintained and whether such internal financial controls system operated effectively in the company in all material respects with respect to financial reporting.

The Board shall include a statement indicating development and implementation of a risk management policy for the Company including identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company

6. Business Continuity Plan:

Business continuity plan refers to maintaining business functions or quickly resuming them in the event of a major disruption, in other words, a disaster management plan. The Company shall formulate a business continuity plan as may be required for protecting the interest of the Company in the event of happening/ occurrence of any unforeseen events that may affect the business of the Company.

Such business continuity plan may vary from time to time depending on Company's need and the risk management strategy being adopted by the company at such time. The business continuity plan may, among other things, focus on protecting the assets and personnel of the Company in the event of a disaster event which affects day to day operations of the company's business. The business continuity plan may be reviewed and amended by the RMC from time to time, as the committee may deem fit.

7. 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.

8. *Effective Date:*

The policy shall become effective from listing the Company's shares on the stock exchanges.



ANNEXURE 1

Role of Risk Management Committee

(PART D: ROLE OF COMMITTEES (OTHER THAN AUDIT COMMITTEE) 353 (See Regulations 19(4), 20(4) and 21(4))

The role of the committee shall, inter alia, include the following:

1. To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. 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 coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.



