

VECTUS INDUSTRIES LIMITED

Risk Management Policy

Background

This document lays down the framework of Risk Management at Vectus Industries Limited (hereinafter referred to as the 'Company') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and lays down the mitigation methods which are periodically reviewed and modified in a manner commensurate with the size and complexity of the business.

Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the Company’s activities. Risk Management Policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

Objective

The objective of Risk Management task at Vectus Industries Limited is to preserve shareholder value to the extent practically feasible by identifying and mitigating major internal and external business risk. An enterprise-wide risk management framework is applied in a manner such that the effective management of risks at different levels and different functions is an integral part of every employee's job.

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.

Regulatory

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

A. Companies Act, 2013:

1. Provisions of the 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."

2. 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. Schedule IV [Section 149(8)]:

Code for Independent Directors:

II. Role and functions:

"The Independent Directors shall:

(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of.....risk management....

(4) satisfy themselves that thesystems of risk management are robust and defensible."

B. Regulation 4(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(ii) Key functions of the Board of Directors:

a. Reviewing and guiding corporate strategy, major plans of action, risk policy.....

Risk Management

1. The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.
2. The Board shall be responsible for framing, implementing and monitoring the Risk Management Policy for the company.
3. The Board shall define the roles and responsibilities of the Business Process and Risk Management and Audit Committees and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

Disclosure in Board's Report

Board of Directors shall include 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.

Back Ground and Implementation

The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

The Board of Directors of the Company shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board.

Each Plant Head shall be responsible for implementation of the risk management system as may be applicable to their respective plants of functioning and report to the Board.

Applicability

This policy applies to all areas of the Company's operations and shall come into force with effect from 30.05.2018.

Role of the Board

The Board will undertake the following actions to ensure risk is managed appropriately:

- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company.
- Ensure that the appropriate systems for risk management are in place.
- 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
- Have an awareness of and continually monitor the management of strategic risks;
- Be satisfied that processes and controls are in place for managing less significant risks;
- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into board reporting and annual reporting mechanisms;
- Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

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.

Effective Date: 30.05.2018

Date of the approval by the Board: 30.05.2018

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