

**RISK MANAGEMENT POLICY
OF VENUS PIPES & TUBES LIMITED**

VENUS PIPES & TUBES LIMITED

I. PREFACE

In today's dynamic and complex business environment, organizations are exposed to a wide range of internal and external risks that may impact their performance, sustainability, and long-term growth. Effective risk management is therefore essential to safeguard assets, ensure compliance, and build resilience against uncertainties.

This Risk Management Policy of **Venus Pipes & Tubes Limited** has been developed to provide a structured and integrated approach to identifying, assessing, and mitigating risks across all departments of the Company. The Policy reflects the Company's commitment to sound corporate governance, transparency, and accountability, while aligning with the requirements of the **Companies Act, 2013** and the **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**.

II. PREAMBLE

This Policy has been formulated in compliance with **Regulation 17(9) & Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** ("Listing Regulations") and the relevant provisions of the **Companies Act, 2013** ("the Act"). These statutory requirements mandate companies to establish structured procedures for **risk identification, assessment, mitigation, and minimization**.

III. OBJECTIVE:

The objective of this Policy is to:

1. Establish a structured framework for identifying, assessing, and mitigating risks across all departments.
2. Safeguard the Company's assets, reputation, and stakeholders' interests.
3. Ensure compliance with applicable laws, regulations, and governance standards.
4. Promote business continuity through effective risk controls and contingency planning.
5. Embed a risk-aware culture within the organization.
6. Enable sustainable growth by minimizing adverse impacts and leveraging opportunities.

IV. RISK MANAGEMENT PROCESS

1. **Identification** – Recognition/ anticipation of risks that may threaten the assets and earnings of the Company.
2. **Evaluation/Assessment** – Estimation of the likely probability of a risk occurrence and its likely severity, categorization of risk and rating of risk.
3. **Unit & Corporate Review** – High risks are discussed at unit level; company-wide risks are escalated to corporate meetings.

4. **Prevention & Control** – Measures to avoid occurrence of risk, limit its severity and reduce its consequences, selecting the risk management technique by category and individual risk.
5. **Risk Financing** – Determining the cost of risk likely to be and ensuring that adequate financial resources are available, implementing the selected technique.
6. **Monitoring & Measurement** – Track effectiveness of controls, monitor emerging risks, and respond accordingly.
7. **Committee Oversight** – The Risk Management Committee of Directors reviews the framework, high-impact risks, and opportunities.
8. **Board Oversight** – The Board of Directors notes proceedings of the Committee and approves necessary actions.
9. **Audit Review** – Internal audit evaluates process risks and controls for assurance.
10. **Reporting & Review** – Risk management process is reviewed and reported periodically, at least annually, to ensure improvement.

V. RISK MANAGEMENT TECHNIQUE

The Company shall adopt the following techniques to manage risks effectively:

a. Risk Transfer

Transferring risk to another party that deals with the risk under contractual or financial arrangements, typically by using techniques such as insurance policies, hedging strategies, and derivative instruments including forwards, futures, options, and swaps;

b. Risk Reduction

Lowering the probability or impact of risks through strong internal controls, diversification, compliance systems, and preventive measures;

c. Risk Avoidance

Eliminating exposure by not engaging in activities or businesses that carry excessive or unacceptable risk;

d. Risk Retention

Accepting certain risks where mitigation or insurance costs outweigh potential losses, or where higher returns are anticipated. This is generally applied to smaller, manageable risks;

e. Risk Sharing

Distributing risk between the Company and other parties, such as joint ventures, partnerships, or contractual arrangements, retaining only the portion that can be managed internally;

VI. BUSINESS CONTINUITY PLAN (BCP):

The Company recognizes the importance of Business Continuity Planning (BCP) and is committed to establishing and maintaining a structured framework to ensure continuity of critical operations during unforeseen events or disruptions. The objective of the BCP is to safeguard employee safety, protect the environment, minimize financial impact, and uphold stakeholder confidence.

VII. ROLES & RESPONSIBILITIES:

- (i)** The Board of Directors holds overall responsibility for establishing and overseeing the Company's risk management framework. To support this, the Board shall constitute a Risk Management Committee (RMC) and clearly define its roles and responsibilities. The Board may delegate to the RMC the task of monitoring and reviewing the risk management plan, including matters related to cybersecurity and any other functions it considers appropriate. The board will, therefore approve the Risk management policy and any amendments thereto from time to time as suggested by Risk Management Committee (RMC).
- (ii)** Risk Management Committee (RMC) shall:
 - formulate a detailed risk management policy which shall include:
 - a) 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.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan.
 - ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 - periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 - appoint, remove and decide terms of remuneration of the Chief Risk Officer (if any)
- (iii)** The Audit Committee shall be responsible for the evaluation of the adequacy and effectiveness of the Company's internal financial controls and risk management systems.
- (iv)** Unit/ Functional heads: Unit in-charge shall be responsible for all risks related to the unit. Functional head shall be responsible for the risks related to the specific function/department.

VIII. RISKS, IMPACT AND MITIGATION STRATEGIES:

| Risk Category | Potential Impact | Mitigation Strategy |
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| Macroeconomic and Sectoral Risk | Exposure to a dynamic global business environment, intense competition, and potential consolidation among peers could adversely affect financial performance. Volatility in steel and raw material markets further adds to financial risk. | Venus has built a diversified product portfolio and employs a back-to-back booking strategy to manage price volatility and ensure raw material availability. This approach helps stabilise costs and maintain steady supply lines |
| Operational Risk | Profitability may be affected by the volatility of raw material and energy prices, as well as changes in fixed cost ratios. Disruptions in raw material supply or failure of critical systems/machinery could impact operations. | The Company has implemented backward integration by setting up a facility to produce hollow pipes from stainless steel round bars. This reduces dependence on overseas raw material sources and strengthens supply chain resilience. |
| Finance: a) Funding, b) Liquidity, c) Credit and d) Volatility | The Company's finances may be impacted by market conditions, business performance, rising costs and interest expenses, customer payment delays, and volatility in commodity prices, interest rates, and foreign exchange. | The Company addresses financial risks by diversifying funding sources, maintaining prudent borrowing limits, strengthening demand forecasting and working capital management, enforcing cost controls, improving customer credit monitoring and collections, and continuously monitors global market trends to adapt procurement and financing strategies effectively. |
| Strategic Risk | Delay or underperformance in executing growth plans could hinder financial outcomes and damage reputation. | Venus serves a broad industrial base, reducing concentration risk. |
| Foreign Exchange Risk | Exposure to currency fluctuations could impact import/export payments and affect the Company's financial stability. | A robust hedging policy has been implemented to reduce currency fluctuation impact. This is supported by a natural hedge owing to the nature of its import-export operations, ensuring better insulation against market volatility. |
| Technology Risk | Rapid technological advancements may lead to product obsolescence and reduced competitiveness if the Company fails to adapt. | Venus remains committed to innovation by continuously investing in advanced R&D infrastructure. The Company fosters a culture of improvement and routinely updates its business practices and product portfolio to maintain high quality at competitive costs. |
| Cyber security | Cybersecurity risks may cause serious financial and reputational loss through data | The company reduce cybersecurity risks by using multiple layers of |

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| | theft, ransomware, business disruption, or loss of contracts. | protection. This includes separating operational systems from IT networks, enforcing strict access controls with multi-factor authentication, training employees and running phishing tests, monitoring systems in real time, regularly scanning for vulnerabilities and applying patches, keeping secure offsite backups, and testing response plans to ensure quick recovery from threats such as ransomware or data breaches. |
| Human Resources Risk | Loss of key senior personnel or challenges in attracting and retaining skilled employees could impact operations and growth. Labour unrest or disputes in operating regions may also disrupt business continuity. | Venus implements employee-centric policies to foster a supportive and engaging workplace. The Company also organises training, recognition programmes, and employee engagement initiatives to boost morale, enhance retention, and attract top industry talent. |
| Accidental Hazards or Natural Calamities like fire, floods, earthquakes | Disaster hazards can disrupt operations, damage assets, harm people, and weaken financial and reputational strength. | The Company has insured its properties against natural hazards such as fire and earthquakes, with periodic reviews to ensure adequate coverage, appropriate rates, and comprehensive risk protection. Fire extinguishers are strategically installed at vulnerable locations, and watch and ward staff, along with safety personnel, receive regular first-aid training to enhance preparedness and emergency response. |
| Regulatory Risk | Non-compliance with evolving laws environmental, tax-related, or sector-specific could lead to legal penalties, reputational damage, and operational disruptions. | The Company ensures strict adherence to all applicable legal and regulatory frameworks. It also leverages the expertise of legal advisors and compliance professionals to proactively stay updated with statutory changes and ensure full regulatory compliance across all operational areas. |

The above outlined risks are inclusive and not exhaustive.

REVIEW & AMENDMENT TO THE POLICY

This Policy shall be periodically reviewed by the Risk Management Committee; at intervals it considers appropriate. Any amendments shall be recommended by the Committee and approved by the Board of Directors. The Policy is applicable and will be communicated to all vertical and functional heads, as well as other relevant personnel of the Company.

Any changes to the Policy shall be approved by the Board of Directors or its authorized Committees, which reserve the right to amend, withdraw, or replace the Policy, in whole or in part, at any time. Such decisions shall be final and binding. Further, any subsequent amendments to the Listing Regulations or applicable laws shall automatically apply to this Policy.

This Policy has been adopted by the Board of the Company at its Meeting held on 05/02/2026 based on the recommendation of the Risk Management Committee at its meeting held on 05/02/2026.
