

VUB ENGINEERING LIMITED*

RISK MANAGEMENT POLICY

Formulated on: June 24, 2025

** VUB ENGINEERING LIMITED, formerly known as V U B ENGINEERING LIMITED.*

***The Board of Directors of the Company at its Meeting held on June 24, 2025 approved the policy and the same shall come into force from the date of listing of the securities of the Company on recognized stock exchanges.*

INTRODUCTION

Risk Management Policy guidelines are devised in the context of the future growth objectives, business profile envisaged and new business endeavors including new products and services that may be necessary to achieve these goals and the emerging global standards and best practices amongst comparable organizations. This Policy is meant to ensure continuity of business and protection of interests of the investors and thus covers all the activities within the Company and events outside the company which have a bearing on the Company's business. The Policy shall operate in conjunction with other operating or administrative policies. The formation and Implementation of 'Risk Management Policy' is in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**the Listing Regulations**") and provisions of Companies Act, 2013, as amended which requires the Company to lay down procedures about the risk assessment and risk minimization.

Section 134(3) of the Companies Act, 2013, as amended ("**the Act**") requires a statement to be included in the report of the Board of Directors (the "**Board**") of the Company 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. Furthermore, Regulation 17 of the Listing Regulations, requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a proactive 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.

DEFINITIONS

- a) "**Act**" shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendments or re-enactments thereof.
- b) "**Applicable Laws**" shall mean the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time.

- c) **“Board” or “Board of Directors”** shall mean all the members of the Board of Directors of the Company.
- d) **“SEBI Listing Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- e) **“Company”** means VUB Engineering Limited.
- f) **“Audit Committee” or “Committee”** means the Committee of Board of Directors of the Company constituted under the under Section 177 of the Act, and the provisions of the Listing Regulations from time to time.
- g) **“Risk”** means 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.
- h) **“Risk Management”** means the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation’s strategic and financial goals.
- i) **“Risk Assessment”** means the overall process of risk analysis and evaluation.
- j) **“Risk Register”** means a tool for recording the Risks identified under various operations.
- k) **“Policy”** means ‘Dividend Distribution Policy’

Any other term used but not defined herein shall have the same meaning as defined in the Companies Act, 2013 or rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, applicable Accounting Standards as amended from time to time or any other law or regulation applicable to the Company.

CLASSIFICATION OF RISKS

- a. **Strategic Risk:** It includes range of external events and trends (like Government policy, Competition, Court Rulings or a Change in Stakeholder requirements) that can adversely impact the company’s strategic growth and destroy shareholder value.
- b. **Business Risk:** It includes the risks associated specifically with the company and having an adverse impact on the company’s capability to execute activities critical for business growth, thereby affecting its near-term performance.

- c. **Operational Risk:** These are those risks which are associated with operational uncertainties, force majeure events like floods affecting operations, internal risks like attrition etc.

RISK MANAGEMENT FRAMEWORK

The Company believes that risks should be managed and monitored on a continuous basis. As a result, the Company has designed a dynamic risk management framework to manage risks effectively and efficiently, which contains the following processes:

a. Risk identification and assessment

Mechanisms for identification and prioritization of risks include risk survey, industry benchmarking, incident analysis, business risk environment scanning, and focused discussions with the Board. Risk register and internal audit findings also provide inputs for risk identification and assessment. Risk survey of executives across units, functions and subsidiaries is conducted on an annual basis to seek inputs on key risks. Further, periodic assessment of business risk environment is carried out to identify significant risks to the achievement of business objectives and prioritizing the risks for action. Scenario- based risk assessments are also carried out. Operational risks are assessed primarily on three dimensions, namely, strength of underlying controls, compliance to policies and procedures and business process effectiveness. The risks identified must be displayed in a structured form, indicating, amongst others, the name and scope of the risk, qualitative description, nature of risk, risk treatment and financial impact of risk.

b. Risk Evaluation

Risk evaluation is carried out to decide the significance of risks to the Company. Estimated risks are compared against the established risk criteria. The risk criteria include key focus areas namely: strategy, growth, cost, talent, reputation, leadership, and regulatory compliance.

c. Risk Reporting and Disclosures

Risks to the achievement of key business objectives, trend line of risk level, impact and mitigation actions are reported and discussed with the Board on a periodic basis. Key external and internal incidents with potential impact are reported. Periodic update is provided to the Board highlighting key risks, their impact and mitigation actions. Key risk factors are disclosed in regulatory filings.

d. Risk Mitigation and Monitoring

For identified top risks, dashboards are created that track external and internal indicators relevant for risks to indicate the risk level and its likelihood of occurrence. The trend line assessment of top risks, analysis of exposure and potential impact are carried out periodically. Mitigation plans are finalized, owners are identified and

progress of mitigation actions are monitored and reviewed. Further, for those business objectives, whose achievement is at risk, periodic reviews are conducted to deploy actions.

e. Integration with Strategy and Business Plan

Identified risks to the business objectives in the near-term, medium-term and long-term are used as one of the key inputs for the development of strategy and annual business plan. Key strategic initiatives are identified to mitigate specific risks.

AUTHORITY

The Company's Risk Management framework is supported by the Board of Directors, the management of the Company and the Committee. The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company. 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. The Committee is also responsible for monitoring overall compliance with laws and regulations.

TERMS OF REFERENCE

The Audit Committee shall periodically review the Risk Management Policy and associated frameworks, processes and practices of the Company, at least once in two years.

- a. The Committee shall ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- b. The Committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).
- c. The Committee shall coordinate its activities with other Committees in instances where there is any overlap with activities of such Committees.
- d. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- e. The Committee shall make regular reports/ recommendations to the Board.

RISK APPETITE

A critical element of the Company's Risk Management framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of the business objectives.

The key determinants of risk appetite are as follows:

- a. Shareholder and investor preferences and expectations;
- b. Expected business performance (return on capital);
- c. The capital needed to support risk taking;
- d. The culture of the organization;
- e. Management experience along with risk and control management skills; and
- f. Longer term strategic priorities.

Risk appetite is communicated through the Company's strategic plans. The Board and the management of the Company monitors the risk appetite of the Company relative to the Company's actual results to ensure an appropriate level of risk tolerance throughout the Company.

BOARD OF DIRECTORS

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

- a. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company;
- b. Ensure that the appropriate systems for risk management are in place;
- c. Participate in major decisions affecting the organization's risk profile;
- d. Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;
- e. Be satisfied that processes and controls are in place for managing less significant risks;
- f. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly; and
- g. Ensure risk management is integrated into board reporting and annual reporting mechanisms.

MANAGEMENT

The management of the Company is responsible for monitoring and whether

appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met;

To assist the Board in discharging its responsibility in relation to risk management;

When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Chief Executive Officer and the Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks;

Reporting to the Board of Directors consolidated risks and mitigation strategies on a half yearly basis.

AUDIT COMMITTEE

The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company; and

The Committee is also responsible for monitoring overall compliance with laws and regulations.

DISCLOSURE

This Policy will be communicated to all concerned persons of the Company and shall be placed on the website of the Company. The key features of the Policy will be published in the Annual Report of the Company.

REVIEW AND AMENDMENT

The Board shall review this Policy from time to time to ensure it remains consistent with the Board's objectives and responsibilities, and in accordance with applicable laws.

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors 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 in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically

apply to this Policy.

PENALTY FOR NON-ADHERENCE OF THE CLAUSE OF THE POLICY

Non-Adherence to any of the Clause as mentioned in this Policy will attract penalty of one lakh rupees which may extend to one crore rupees as prescribed under Section 15 HB of Securities and Exchange Board of India Act, 1992.

DISCLAIMER

The risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and in having a complete / proper management's perception of risks. This policy may be amended and modified, subject to appropriate provisions of law, rules, regulations and guidelines from time to time.