RISK MANAGEMENT POLICY

OF

SRU STEELS LIMITED

1. PREFACE:

In accordance with Section 134(3)(n) of the Companies Act, 2013, a Company is required to 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 and further as per Regulation 17(9) of the SEBI (LODR) Regulations, the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Accordingly to mitigate and manage risk at "SRU Steels Limited" (hereinafter called as " the Company") the Company has formed the policy (the "Risk Management 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 the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

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.

2. OBJECTIVE:

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 Company's business and to create and protect shareholders' value by minimizing threats or losses, and identifying and maximizing opportunities. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. These include:

a) Providing a framework, that enables future activities in a consistent and controlled manner;
b) Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
c) Contributing towards more efficient use/ allocation of the resources within the organization;
d) Protecting and enhancing assets and company image;
e) Reducing volatility in various areas of the business;
f) Developing and supporting people and knowledge base of the organization;
g) Optimizing operational efficiency.

3. BACK GROUND AND IMPLEMENTATION

SRU STEELS LIMITED (SRU) is a steel trading Company 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.

This policy is in compliance with the amended Clause 49 of the Listing Agreement (w.e.f 1st October 2014) which requires SRU Steels Limited to lay down procedure for risk assessment and procedure for risk minimization.

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

The 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 and Audit Committee.

4. APPLICABILITY

This Policy applies to all areas of the Company's operations.

5. KEY DEFINITIONS:

a) "**Company**" means "SRU Steels Limited", a Company constituted under Companies Act, 1956.

b) "**Board of Directors**" or "**Board**", in relation to a company, means the collective body of the directors of the SRU Steels Limited (the 'Company').

c) **"Audit Committee** or "**Committee"** means Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and as per SEBI (LODR) Regulations.

d) **Policy"** means Risk Management Policy.

e) **"Risk"** in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organisation continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

f) **"Risk Management"** is the systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

6. RISK MANAGEMENT FRAMEWORK

Before proceeding to the policy attention is drawn to the roles that the Board and Audit Committee are required to play under the above regulations governing Risk Management:

- The Board's role to ensure framing, implementing and monitoring risk management plan, having in place, systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased approach during the Board's deliberations on making risk management systems very strong and effective.
- The Audit Committee's role, is to evaluate the risk management systems
- This policy shall complement the other policies of SRU Steels Limited in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are being effectively mitigated.

The Board will gather and review information and data, be thorough in assessments, seek independent or expert advice where appropriate and provide direction and guidance to the Managing Director and CFO in terms of decision-making

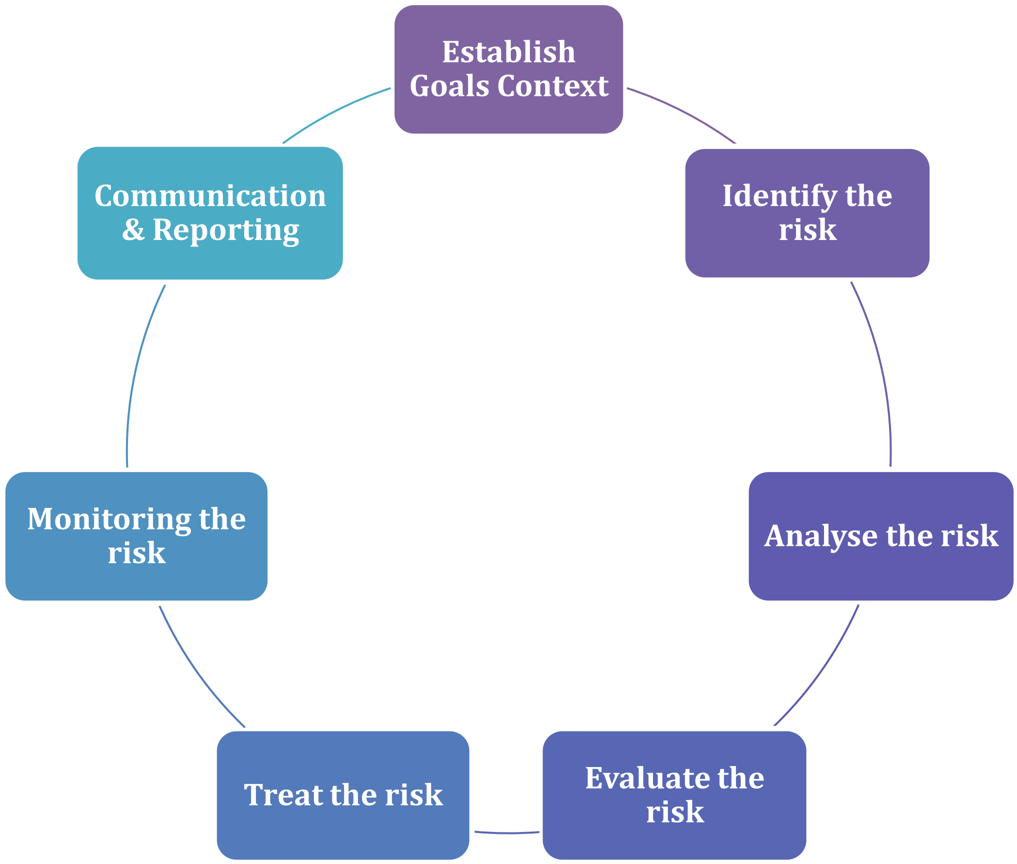
7. OPPORTUNITIES AND THREATS

Fluctuations in market conditions may affect our ability to sell our projects at expected rates which may adversely affect our revenue and earnings. Potential limitations of the supply of land could reduce our revenues or negatively impact the Company's operations.

As in any other business, the steel trading sector is also likely to face competition from existing as well as new players, both domestic as well as foreign. However, your Company hopes to address the competitive threat on the strength of its emphasis on its construction quality, adoption of innovative designs, qualitative services and its experience in the sector.

The Company remains firmly committed to its objective of high quality coupled with aggressive cost reduction initiatives. The Company has to face cost escalation and issues related to land acquisition laws which cause delay in implementation of the works.

8. RISK MANAGEMENT PROCESS



A. ESTABLISH GOALS & CONTEXT

The purpose of this stage of planning enables to understand the environment in which the respective organization operates, that means to thoroughly understand the external environment & internal culture of the organization.

The analysis is undertaken through:-

- establishing the strategic, organizational and risk management context of the organization, &
- Identifying the constraints and opportunities of the operating environment.

Methods to assess the environmental analysis are SWOT (Strength, Weaknesses, Opportunities and Threats) and PEST (Political, Economic, Societal and Technological) frameworks.

B. IDENTIFY THE RISKS

Using the information gained from the context, particularly as categorized by the SWOT and PEST frameworks, the next step is to identify the risks that are likely to affect the achievement of the goals of the organization, activity or initiative. It should be underlined that a risk can be an opportunity or strength that has not been realized.

Key questions that may assist your identification of risks include:

- For us to achieve our goals, when, where, why, and how are risks likely to occur?
- What are the risks associated with achieving each of our priorities?
- What are the risks of not achieving these priorities?
- Who might be involved (for example, suppliers, contractors, stakeholders)?

The appropriate risk identification method will depend on the application area (i.e. nature of activities and the hazard groups), the nature of the project, the project phase, resources available, regulatory requirements and client requirements as to objectives, desired outcome and the required level of detail.

C. ANALYSE THE RISKS

Risk analysis involves the consideration of the source of risk, the consequence & likelihood to estimate the inherent or unprotected risk without controls in place. It also involves identification of the controls, an estimation of their effectiveness and the resultant level of risk with controls in place (the protected, residual or controlled risk). Qualitative, semi-quantitative and quantitative techniques are all acceptable analysis techniques depending on the risk, the purpose of the analysis and the information and data available.

D. EVALUATE THE RISK

Once the risks have been analyzed they can be compared against the previously documented and approved tolerable risk criteria.

The decision of whether a risk is acceptable or not acceptable is taken by the relevant manager. A risk may be considered acceptable if for example:

- The risk is sufficiently low that treatment is not considered cost effective, or
- A treatment is not available, e.g. a project terminated by a change of government, or
- A sufficient opportunity exists that outweighs the perceived level of threat.

If the manager determines the level of risk to be acceptable, the risk may be accepted with no further treatment beyond the current controls. Acceptable risks should be monitored and periodically reviewed to ensure they remain acceptable. The level of acceptability can be organizational criteria or safety goals set by the authorities.

E. TREAT THE RISK

An unacceptable risk requires treatment. The objective of this stage of the risk assessment process is to develop cost effective options for treating the risks. Treatment options which are not necessarily mutually exclusive or appropriate in all circumstances are driven by outcomes that include:

- Avoiding the risk,
- Reducing (mitigating) the risk,
- Transferring (sharing) the risk, and
- Retaining (accepting) the risk

F. MONITORING THE RISK

It is important to understand that the concept of risk is dynamic and needs periodic and formal review. The currency of identified risks needs to be regularly monitored. New risks and their impact on the organization may to be taken into account.

This step requires the description of how the outcomes of the treatment will be measured. Milestones or benchmarks for success and warning signs for failure need to be identified.

The review period is determined by the operating environment (including legislation), but as a general rule a comprehensive review every five years is an accepted industry norm. This is on the basis that all plant changes are subject to an appropriate change process including risk assessment.

The review needs to validate that the risk management process and the documentation is still valid. The review also needs to consider the current regulatory environment and industry practices which may have changed significantly in the intervening period.

The organization, competencies and effectiveness of the safety management system should also be covered. The plant management systems should have captured these changes and the review should be seen as a 'back stop'.

The assumptions made in the previous risk assessment (hazards, likelihood and consequence) the effectiveness of controls and the associated management system as well as people need to be monitored on an on-going basis to ensure risk are in fact controlled to the underlying criteria.

For an efficient risk control the analysis of risk interactions is necessary.

This ensures that the influences of one risk to another is identified and assessed.

A framework needs to be in place that enables responsible officers to report on the following aspects of risk and its impact on organizations´ operations:

- What are the key risks?
- How are they being managed?
- Are the treatment strategies effective? – If not, what else must be undertaken?
- Are there any new risks and what are the implications for the organization?

G. COMMUNICATION & REPORTING

Clear communication is essential for the risk management process, i.e. clear communication of the objectives, the risk management process and its elements, as well as the findings and required actions as a result of the output.

H. RISK REGISTRATION, TREATMENT & REPORTING

Risk registers requires managers to record, as a minimum, the risk description, an assessment of that risk, the responsible officer for managing that risk & treatment plans. This information provides a useful tool for managers & staff to consider in both strategic & operational planning & is available to managers & staff.

The risk management committee will monitor the risk profile of the organization with particular regard to those risks that exceed an acceptable risk level.

The management of risk will be integrated into organization’s existing planning & operational processes & will be recognized in the funding & quarterly reporting mechanisms, on the basis of the evaluation of the level of risk & organization’s exposure.

9. 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 Organisation’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 reports.

10. DISCLOSURES

The Board of Directors shall include in their Board's Report, a statement indicating development & 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.

11. REVIEW

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.

12. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.