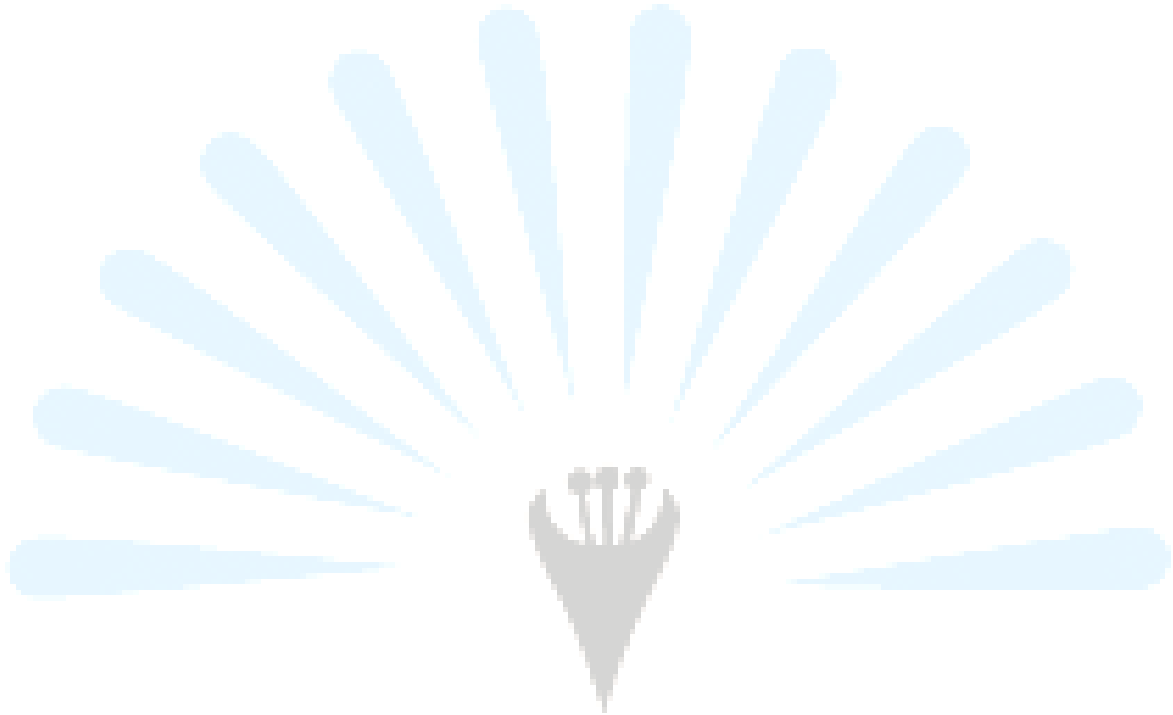




VISHAL FABRICS LIMITED



***RISK
MANAGEMENT
POLICY***

INTRODUCTION

In pursuant to the Companies Act, 2013 and The SEBI (LODR) Regulations, 2015 the Company requires to formulate and implement of a Risk Management Policy for identification of risks for the Company, if any, which in the opinion of the Board may threaten the existence of the Company. Also Section 177(4) stipulates that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include ; evaluation of internal financial controls and risk management systems.

OBJECTIVE

The objective of this policy is to manage the risks involved in all activities of the Company to maximize opportunities and minimize adversity. This policy is intended to assist in decision making processes that will minimize potential losses, improve the management of uncertainty and the approach to new opportunities, thereby helping the Company to achieve its objectives.

APPLICABILITY

This Policy shall come into force with immediate effect.

KEY DEFINITIONS

a) Risk:

Risk means the effect of uncertainty on objectives, i.e. the chance of something happening that will have a negative impact on objectives.

b) Risk Assessment:

Risk Assessment is process which describes risk includes the criteria for assessing the consequence and likelihood of risks.

c) Audit Committee

The Audit Committee of the Board of the Company shall be responsible for the oversight of the processes for identification and assessment of the risks, reviewing the outcomes of risk management processes, and for advising the Company as necessary from time to time.

Risk Management and Assessment Model



- Risk Management Model consists of the following steps:
- **Identify:** Identify the risk events that may prevent or delay the achievement of the Company's strategic goals and objectives.
- **Analyze:** Outline the causes, impacts and existing treatments in order to assess the consequence and likelihood of the risk and determine the risk rating.
- **Treat:** Implement both existing and future treatments in order to prevent and/or mitigate the risk.
- **Monitor:** Continually monitor and evaluate the risks and treatments in order to maintain the effectiveness and appropriateness of the Company's risk management.
- **Report:** Provide regular reports and updates in order to assure the Company and key stakeholders that the risks are being appropriately managed and treated.

RISK REGISTER

The Management has established a template for each section to develop their Risk Register. Every Head of the Department shall fill details of suspected risks area in this Risk Register and it will review by the Board in Meeting. Format of Risk Register is given as **ANNEXURE I** at the end of the Policy.

RISKS WHICH CAN AFFECT TO THE COMPANY

➤ **External Risk Factors**

- Economic Environment and Market conditions
- Political Environment
- Competition
- Revenue Concentration and liquidity aspects
- Inflation and Cost structure
- Technology Obsolescence

➤ **Internal Risk Factors**

- Project Execution
- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources
- Quality Assurance
- Environmental Management
- Human Resource Management
- Culture and values

REVIEW AND AMENDMENT

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

ANNEXURE I
RISK REGISTER

Risk register

Name of the Department: _____

Sr. No.	Description of the risk	Name of person who monitors the risk	Risk Trigger (How you know the risk is becoming an issue or has reached a point that requires action.)	Probability Rating (1-10)	What will happen if the risk becomes an issue and no action is taken	Response Description	What do you expect will result from the response
