

RISK MANAGEMENT POLICY

INTRODUCTION:

The board of directors (“Board”) of Virgo Laminates Limited (“the Company”) has adopted a Risk Management Policy (“the Policy”) in compliance with the requirements of Section 134 of the Companies Act, 2013 (“the Act”). According to the existing Risk Management Policy, the Board shall be responsible for framing, implementing, and monitoring the risk management plans for the Company.

The Policy has been amended from time to time since its adoption by the Board, in order to ascertain and mitigate the risk exposures of various functions of the Company.

1. OBJECTIVE

The objective of this document is to articulate an effective Risk Management Policy and process for the company to promote a proactive approach in identifying, evaluating, reporting, and mitigating risks associated with the business and, in turn to ensure sustainable business growth with stability.

2. RISK MANAGEMENT APPROACH:

The Risk Management 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 Board is responsible for framing, implementing, and monitoring the risk management plan for the Company. Further, as part of its oversight role, the Board expects it to be assured of a well-grounded organization wherein risk mitigation is considered in all aspects of its operations and strategy. Similarly, the executive management considers the protection of its personnel and assets as paramount to the existence of the Company. It is therefore important to develop and implement an integrated risk management process through sound and proven methods which will minimize the impact of risk whilst protecting the staff/employees and all of the Company’s assets.

3. APPLICATION OF A CONSISTENT AND EFFECTIVE RISK MANAGEMENT FRAMEWORK WILL:

- i. Enhance the organizational capabilities to anticipate the likely areas of risk and develop potential mitigation actions.
- ii. Support effective decision making and planning through better understanding of risk exposures.
- iii. Enable management to respond in a manner that reduces the likelihood of downside outcomes and increases the upside.
- iv. Help coordination / integration – Breaking down internal silos by coordinating various pockets of risk management activity for efficiency.
- v. Contribute to Company’s profits by substantially optimizing the overall cost of risk.
- vi. Increase the likelihood of achieving the strategic objectives of the Company.

Corporate Office:

406, 4th Floor, Rectangle No.1, Behind Select City Mall,
District Centre, Saket, New Delhi-110017
T: +91 11 474 22 222
F: +91 11 474 22 299
E: delhi@virgolam.com

Head Office:

828, Industrial Area, Phase-2,
Chandigarh-160002 (INDIA)
T: +91 172 2639222, 2639333, 4011111
F: +91 172 2639444
E: info@virgolam.com

Works:

- Dera Bassi, Mohali (PB)
- Barwala, Panchkula (HR)
- Kala Amb, Sirmour (HP)
- Bhiwadi, Alwar (RJ)
- Hindupuram, Anantapur (AP)
- Kheda, Ahmedabad (GJ)

- vii. Exploit business opportunities and create value for stakeholders.
- viii. Enhance health and safety performance, as well as environmental protection.
- ix. Improve stakeholders' confidence and trust.
- x. Help comply with relevant legal and regulatory requirements and international norms.

4. PHILOSOPHY AND APPROACH TO RISK MANAGEMENT

Risk Management is integral to Virgo Laminates Limited's strategy and to the achievement of the Company's long-term goals. Our success as an organization depends on our ability to identify and leverage the opportunities created by our business and the markets, we operate in. In doing this the Company takes an embedded approach to Risk Management which puts risk and opportunity assessment at the core of the Board's agenda.

The Company defines risks as actions or events that have the potential to impact our ability to achieve our objectives. The Company identifies and mitigates downside risks such as loss of money, reputation or talent as well as upside risks such as failure to deliver strategy, if it does not strengthen brand equities or grow in growing channels. The Company's Risk Management approach is embedded in the normal course of business.

5. RISK MANAGEMENT

Virgo Laminates Limited is committed to having an effective 'Enterprise Risk Management' system in place to ensure that the significant risks the Company may face are appropriately identified, assessed, treated, monitored, reported, and reviewed.

The Risk Management Policy is adopted to make risk management an integral part of decision-making process during regular business operations so as to strengthen the Company's management practices, demonstrable to the external stakeholders. A review of risks must be done concurrently with decision making for various projects or investments and all proposals must include the relevant risks along with mitigation actions and/or business cases, as appropriate.

6. STRUCTURAL ELEMENTS:

- **Governance of the Company, Organizational structure and Delegation of authority**

The Company's organizational structure is designed to respond to all the key risks that we face in the short, medium and longer term and reflects all relevant external requirements in relation to good corporate governance.

- **Vision, Strategy and Objectives**

Our Corporate Mission & Purpose to manufacture high-quality, innovative products, providing exceptional service and support to customers, and delivering value for money.

- **Code of Business Principles, Code Policies and Standards**

Our Code of Business Principles sets out the standards of behavior that we expect all employees to adhere. Each policy identifies the key 'must dos' and 'must not dos' that every stakeholder must adhere to (in so far as they are relevant). These policies are broad ranging in their nature including such areas as employee health and safety, product safety and quality, the environment, ethical research, use of certain ingredients in our products, accounting and reporting, share dealing and corporate disclosure, protecting Company's and consumer information, and safeguarding our assets.

Corporate Office:

406, 4th Floor, Rectangle No.1, Behind Select City Mall,
District Centre, Saket, New Delhi-110017
T: +91 11 474 22 222
F: +91 11 474 22 299
E: delhi@virgolam.com

Head Office:

828, Industrial Area, Phase-2,
Chandigarh-160002 (INDIA)
T: +91 172 2639222, 2639333, 4011111
F: +91 172 2639444
E: info@virgolam.com

Works:

- Dera Bassi, Mohali (PB)
- Barwala, Panchkula (HR)
- Kala Amb, Sirmour (HP)
- Bhiwadi, Alwar (RJ)
- Hindupuram, Anantapur (AP)
- Kheda, Ahmedabad (GJ)

- Risk and Control Frameworks
- Performance management and operational processes execution
- Compliance and assurance activities.

7. IMPERATIVES:

All managers and above must implement Company's Principles of Risk Management as follows:

- **Accountability:** Identify and manage the risks that relate to their role;
- **Risk Appetite:** Determine the level of risk, after the implementation of controls, that they are prepared to accept such that there is no significant threat to achieving their objectives; and
- **Risk Mitigation:** Put adequate controls in place, and ensure that they are operational, in order to deliver their objectives.

All Business & Functional Heads must ensure that the risk management activities, as outlined in Company's Risk and Control Frameworks, are being undertaken in their areas of responsibility.

All leadership teams must complete an annual holistic risk discussion during which:

- Key business risks for which they are responsible are identified;
- How those risks are being managed is reviewed; and
- Any gaps in their desired risk appetite are identified.

For those risks where significant gaps have been identified, leadership teams must perform regular reviews and ensure risks are mitigated as desired. All project leaders of transformational projects must, together with their teams, identify the key risks associated with their project achieving its objectives. Risk mitigation plans must be prepared and progress reviewed with the project steering group.

8. RISK OVERSIGHT:

Board of Directors:

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company. The Board shall on recommendation of the Risk Management Committee adopt the Risk Management Policy and critically review the risk governance and monitoring mechanism. The Board shall meet at least once in a year to review the top risks faced by the Company and the status of their mitigation plan.

Audit Committee:

The Audit Committee shall meet at least once in a year to oversee the risk management and internal control arrangements and shall also evaluate internal financial controls and risk management systems of the Company.

9. AMENDMENT

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and / or amend any part of the 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 Act or the rules framed thereunder or the SEBI Listing Regulations and/or

Corporate Office:

406, 4th Floor, Rectangle No.1, Behind Select City Mall,
District Centre, Saket, New Delhi-110017
T: +91 11 474 22 222
F: +91 11 474 22 299
E: delhi@virgolam.com

Head Office:

828, Industrial Area, Phase-2,
Chandigarh-160002 (INDIA)
T: +91 172 2639222, 2639333, 4011111
F: +91 172 2639444
E: info@virgolam.com

Works:

- Dera Bassi, Mohali (PB)
- Barwala, Panchkula (HR)
- Kala Amb, Sirmour (HP)
- Bhiwadi, Alwar (RJ)
- Hindupuram, Anantapur (AP)
- Kheda, Ahmedabad (GJ)

any other laws in this regard shall automatically apply to the Policy.

10. POLICY REVIEW

- a. This Policy is framed based on the provisions of the Companies Act, 2013.
- b. In case of any subsequent changes in the provisions of the law which make the provisions in the Policy inconsistent with the applicable law, the provisions of the such law shall prevail over the Policy and the provisions in the Policy shall be modified in due course to make it consistent with the law.
- c. The Policy shall be reviewed once in every two years by the Risk Management Committee. Any changes or modification to the Policy shall be recommended by the Committee and be placed before the Board of Directors for approval.

*** End of Policy***

Corporate Office:
406, 4th Floor, Rectangle No.1, Behind Select City Mall,
District Centre, Saket, New Delhi-110017
T: +91 11 474 22 222
F: +91 11 474 22 299
E: delhi@virgolam.com

Head Office:
828, Industrial Area, Phase-2,
Chandigarh-160002 (INDIA)
T: +91 172 2639222, 2639333, 4011111
F: +91 172 2639444
E: info@virgolam.com

Works:
• Dera Bassi, Mohali (PB)
• Barwala, Panchkula (HR)
• Kala Amb, Sirmour (HP)
• Bhiwadi, Alwar (RJ)
• Hindupuram, Anantapur (AP)
• Kheda, Ahmedabad (GJ)