



RISK MANAGEMENT POLICY

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Sr. No.	Index	Page no.
1	Introduction	3
2	Governance Structure	3
3	Objectives of the Policy	3
4	Risk Management Framework	3-4
5	Key Risk Categories and Mitigation Measures	4-6
6	General Risk Mitigation Approach	6
7	Review of the Policy	6

1. Introduction:

Valiant Organics Limited (the “Company” or “VOL”) operates in the specialty chemicals sector, which involves complex processes, hazardous materials and a dynamic global market. Risk is an inherent part of these operations. The Company aims to identify risks early, respond proactively, strengthen internal safeguards and improve the likelihood of achieving its strategic, operational and sustainability goals.

In line with Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy sets out the Company’s framework for identifying, assessing, managing and monitoring risks across all functions.

2. Governance Structure:

Risk Management Committee (RMC)

The Company has constituted a Risk Management Committee comprising the Executive Directors. The composition of the Committee may change from time to time due to regulatory requirements or changes in the directorate; however, such changes do not amount to a revision of this Policy.

The Committee shall meet as per statutory requirements and as and when required, and will submit reports to the Board with recommendations on risk mitigation, emerging risks and necessary improvements.

3. Objectives of the Policy:

The Policy aims to ensure that VOL has a structured and continuous risk management framework that enables the Company to:

- Identify and prioritise strategic, operational, financial and compliance risks.
 - Evaluate the risk appetite of the Company and determine appropriate responses.
 - Implement controls, safeguards and mitigation plans.
 - Monitor residual risks and effectiveness of mitigation measures.
 - Encourage learning, reporting and continuous improvement.
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4. Risk Management Framework:

The Company follows a four-step approach:

1. Risk Identification:

Internal and external risks are identified through operational reviews, audits, incident reports, regulatory updates, industry developments and stakeholder interactions.

2. Risk Assessment:

Risks are classified based on likelihood and potential impact on people, operations, environment, assets, compliance and reputation.

3. Mitigation and Control Measures:

Risks are managed by avoiding, reducing, transferring or accepting them, depending on materiality and business relevance.

4. Monitoring and Reporting:

Department heads track risks regularly and report significant matters to the RMC and the Board.

5. Key Risk Categories and Mitigation Measures:

A. Business and Operational Risks:

1. Competition and Market Dynamics:

The specialty chemicals industry is competitive and sensitive to demand supply changes, global prices, and customer preferences.

Mitigation: Customer-centric approach, quality assurance, reliable delivery, diversification of product portfolio and long-term relationships with customers.

2. Process and Technology Risks:

Chemical manufacturing involves complex reactions, hazardous intermediates and process safety challenges.

Mitigation: Adoption of cleaner and safer technologies, process automation, preventive maintenance programs, strong quality and process controls, redundancy in critical equipment and continuous operator training.

3. Supply Chain and Raw Material Risks:

Key raw materials may be sourced from limited suppliers or subject to global volatility.

Mitigation: Multi-sourcing, safety stock planning, imports where feasible, long-term contracts, supplier audits and exploring backward integration options.

4. Working Capital and Inventory Risks:

Specialty chemicals typically require larger working capital cycles.

Mitigation: Disciplined inventory management, credit control, continuous monitoring of the cash cycle and efficient procurement practices.

5. International Operations Risks:

These include geopolitical issues, regulatory barriers, taxation and compliance challenges.

Mitigation: Due diligence on territories, hedging or insurance where needed, avoiding high-risk geographies, and ensuring compliance with foreign laws.

6. Human Resource and Talent Retention Risks:

Loss of key personnel or technical staff may affect operations.

Mitigation: Competitive compensation, structured career development, ESOPs and focused employee engagement.

B. Environment, Health and Safety (EHS) Risks:

Key risks include:

- Chemical exposure, toxic emissions and hazardous waste
- Fire, explosion and process safety incidents
- Occupational health hazards
- Environmental contamination
- Regulatory non-compliance with pollution and safety laws

Mitigation:

- Compliance with all applicable environmental and occupational safety laws
- Robust safety protocols, SOPs and process hazard analysis
- Regular safety drills, audits and incident investigations
- Installation of pollution-control equipment and emissions monitoring
- Waste minimisation, safe disposal and continuous improvements in effluent management
- Providing PPE, health checks and training for employees and contractors

C. Financial Risks:

1. Foreign Exchange Risk:

Exports and imports expose the Company to currency fluctuations.

Mitigation: Active monitoring of forex markets, hedging strategies and periodic review.

2. Credit Risk:

Delayed payments or defaults by customers may impact cash flows.

Mitigation: Creditworthiness checks, credit insurance for exports, defined credit limits and strong collection processes.

3. Interest Rate and Liquidity Risks:

Mitigation: Disciplined borrowing strategy, adequate banking facilities and monitoring of gearing levels.

D. Legal and Compliance Risks:

Mitigation: Legal vetting of contracts, periodic compliance reviews, regulatory monitoring and timely filings.

E. Information Technology and Cybersecurity Risks:

Mitigation: Access controls, backups, cybersecurity monitoring, user training and IT audits.

6. General Risk Mitigation Approach:

- Defined organisation structure and reporting lines
 - Clear communication channels
 - Preventive maintenance programs
 - Strong documentation and record-keeping
 - Cost optimisation and efficiency improvements
 - Review of insurance coverage
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7. Review of the Policy:

This Policy will be reviewed by the Risk Management Committee as and when required, and any recommended changes will be placed before the Board. The Policy shall stand automatically updated to the extent required to align with any change in law, and such updates will be reported to the Committee and the Board.