VYARA TILES LIMITED

RISK MANAGEMENT POLICY

PREAMBLE

The Board of Directors ("Board") of Vyara Tiles Limited ("Company") has adopted the policy which encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to the business. Risk Management Policy of the Company seeks to minimize unfavorable impact on the business objectives and develop stakeholder value. Further, the risk management practices seek to sustain and enhance long-term competitive advantage for the Company.

SCOPE

This policy is applicable to all factories/units and branch offices of the Company throughout India and abroad. The policy is supported by the Risk Management Framework.

OBJECTIVES

The Company recognizes the importance of managing risk in the business to sustain growth.

The purpose of the policy is to ensure that:

(a) To identify and assess potential risks impacting our business objectives.
(b) To ensure that risk management is an integral part of planning and decision-making.
(c) To monitor, manage, and mitigate risk to acceptable levels.
(d) To comply with all regulatory requirements related to risk management.
(e) To enhance organizational resilience and adaptability to changing business environments.

DEFINATIONS

For the purposes of this policy, the following definitions apply:

"Act" means Companies Act, 2013, Rules framed thereunder including any statutory modification or re-enactment thereof.

"Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

"Board of Director" or "Board" means the collective body of the Directors of the company.

"Company" means Vyara Tiles Limited.

"Policy" or **"This Policy"** means, **"Risk Management Policy."**

"Risk" means Risks are 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.

"Risk Management" is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

Vyara Tiles Limited (Formerly known as Vyara Tiles Private Limited)
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LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation. The Companies Act, 2013 have also incorporated various provisions in relation to development and implementation of Risk Management policy.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain 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.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require 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 risk management systems.

Also Section 149(8) and Schedule IV of the Companies Act, 2013 prescribe the roles and functions of the independent directors according to which the independent director shall "help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct."

In line with the above requirements, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" of the Company.

RESPONSIBILITY AND ACCOUNTABILITY

Board	The Board is responsible for the management of the risk in the Company. The Board will periodically review the risk management policy to ensure that executive management controls risks through means of a properly defined framework.
Audit Committee	The Audit Committee provides assistance to the Board in fulfilling its Risk management responsibilities.
Risk owners	Risk owners are accountable to the Board for: i) The development, implementation, maintenance and review of appropriate controls and strategies to manage allocated risks; ii) Reporting to the Board on control and strategies.
Enterprise Risk Management Facilitator ("ERM")	The ERM Facilitator is accountable to the Board to facilitate and co-ordinate risk management activities by Risk Owners.
Employees	All employees are responsible for taking reasonable and practical steps to perform their responsibilities delegated under this policy and related procedures.

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COMPONENTS OF THE ERM FRAMEWORK

The ERM framework consists of the following components/phases:

(a) **Risk Identification:** Identify potential internal and external risks across all functions. This may include operational risks in manufacturing, compliance risks in regulatory matters, and financial risks impacting profitability.

(b) **Risk Assessment and Evaluation:** Analyze and evaluate risks based on their potential impact and likelihood. Risks are categorized and prioritized, with significant risks receiving attention from senior management and the Board.

(c) **Risk Mitigation:** Develop and implement strategies to reduce or eliminate risks. This can include avoiding, transferring, or controlling the risk. Risk mitigation plans should be regularly reviewed and updated.

KEY RISKS AND THEIR MINIMIZATION PROCESS

The Key risks currently under management by the Company in accordance with this policy are as follows:

(a) **Strategic Risk:**

Risks: This risk is related to the overall business strategies and the related economic/ business environment.

Minimization Process: Regularly review business strategies, align them with market and economic changes, conduct scenario analysis, and ensure adaptability to market conditions through diversified strategies and investments.

(b) **Operational Risk:**

Risks: Arising out of technology failure, fraud, error, inadequate financial capacity to fulfill obligations and/ or to provide remedies, outsourcing of activities to vendors.

Minimization Process: Strengthen internal controls, implement robust IT and cybersecurity systems, conduct regular audits, maintain contingency plans, and assess vendor performance and reliability to minimize dependency and potential disruptions.

(c) **Market Risk:**

Risk: Risks related to changes in various markets in which the Company operates.

Minimization Process: Monitor market trends, diversify customer and supplier bases, implement flexible pricing strategies, and maintain strong relationships with suppliers and clients to adapt quickly to market shifts.

(d) **Intellectual property:**

Risk: There is a risk of unauthorized use of the Company's intellectual property.
Minimization Process: Secure patents, trademarks, and copyrights for key IP assets, use digital rights management (DRM) tools, conduct IP audits, and actively monitor for unauthorized usage. Implement legal actions where necessary.

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(e) **Financial Risks:**

Risk: Risks to financial stability, such as currency fluctuations, credit risks, and liquidity issues.

Minimization Process: Maintain a well-balanced cash flow, use hedging strategies to mitigate currency risks, regularly assess creditworthiness of clients, and manage debt to equity ratio prudently.

(f) **Compliance Risks:**

Risk: Risks of non-compliance with laws, regulations, and industry standards.

Minimization Process: Stay informed of regulatory changes, conduct regular compliance audits, provide compliance training for employees, and establish an effective internal reporting system for any compliance concerns.

(g) **Reputational Risks:**

Risk: Risks impacting VYARA's reputation, and stakeholder trust.

Minimization Process: Foster transparency, ensure high product and service quality, respond proactively to customer feedback, maintain ethical business practices, and have a crisis communication plan in place for timely and accurate communication in case of reputation-related issues.

ACCESS AND CHANGES TO RISK MANAGEMENT POLICY

Risk management policy shall be accessible to all personnel in risk organization structure of the Company. Any changes to this policy shall be approved by Risk Management Committee with an intimation to the Audit Committee.

POLICY REVIEW

The Risk Management Policy will be reviewed annually to ensure its relevance and effectiveness. The Risk Management Team may update the policy as required, subject to Board approval, to reflect changes in the business environment, emerging risks, and best practices.

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