

RISK MANAGEMENT POLICY OF
CLASSIC MARBLE COMPANY PRIVATE LIMITED
(U/s 134 (3)(n) of the Companies Act, 2013)

1. PREFACE:

Oxford Dictionary defines the term “**risk**” as a chance or possibility of danger, loss, injury or other adverse consequences.

Risk management in a business environment is attempting to identify and then manage threats that could severely impact or bring down the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence and then taking appropriate actions to address the most likely threats.

I. Section 134 (3) of the Companies Act, 2013 requires every company to attach to its Board Report a statement indicating development and implementation of a Risk Management Policy for the Company including identification therein of element of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

II. APPLICABILITY:

This policy shall come into force with effect from 11th December, 2014.

III. PURPOSE AND SCOPE:

This policy establishes the process for the management of risks faced by Classic Marble Company Private Limited. The aim of risk management is to maximize opportunities in all activities and to minimise adversity. This policy applies to all activities and processes associated with the normal operations of the Company. Effective risk management allows the Company to:

- embed the management of risk as an integral part of its business processes;
- establish an effective system of risk identification, analysis, evaluation and treatment within all areas and all levels;
- Make informed decisions
- avoid exposure to significant reputational or financial loss;
- assess the benefits and costs of implementation of available options and controls to manage risk.
- Have increased confidence in achieving its goals

Thus, it is the responsibility of all Board members, Senior Management and employees to identify, analyse, evaluate, respond, monitor and communicate risks associated with any activity, function or process within their relevant scope of responsibility and authority.

IV. RISK STRATEGY:

The Company recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. The Company is mainly engaged in business of manufacturing, designing, developing, distributing, importing and exporting of all type of natural and artificial Marble/ Quartz/ Slabs etc. in India or abroad.

Types of Risks:

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks, inter alia, are Regulations, Competition, Business risk, Technology Obsolescence, Retention of talent etc. Business risk, inter-alia, further includes Financial risk, Political risk, Legal risk etc.

For managing Risk more efficiently the company would need to identify the risks that it faces in trying to achieve the objectives of the Company. Once these risks are identified, the Company would need to evaluate these risks to see which of them will have critical impact on the Company and which of them are not significant enough to deserve further attention.

V. RISK MANAGEMENT FRAMEWORK:

In principle, risk always results as a consequence of activities or as a consequence of non-activities. Risk Management and Risk Monitoring are important in recognizing and controlling risks.

Risk mitigation is also an exercise aiming to reduce the loss or injury arising out of various risk exposures. The Company adopts a systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. The Company believes that this would ensure mitigating risks proactively and help to achieve stated objectives.

The Company will consider activities at all levels of the organization and its Risk Management with focus on three key elements, viz.,

- (1) Risk Assessment- detailed study of threats and vulnerability and resultant exposure to various risks.
- (2) Risk Management and Monitoring- the probability of risk assumption is estimated with available data and information.
- (3) Risk Mitigation- Measures adopted to mitigate risk by the Company.

VI. RISK MANAGEMENT PROCESS:

The main element of the risk management process are:-

a) **Establish the Context:**

Establish the strategic, organizational and risk management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established and the structure of the analysis defined.

b) **Identify Risks:**

Identify what, why and how things can arise as the basis for further analysis.

c) **Analyze Risks:**

Determine the existing control and analyse risks in terms of consequence and likelihood in the context of those controls. The analysis should consider the range of

potential consequences and how likely those consequence are to occur. Consequence and likelihood may be combined to produce an estimated level of risk.

d) Evaluate Risks:

Compare estimated levels of risk against the pre-established criteria. This enables risk to be ranked so as to identify management priorities. If the levels of risk established are low, then risks may fall into an acceptable category and treatment may not be required.

e) Treat Risks:

Accept and monitor low priority risks. For other risks, develop and implement a specific management plan which includes consideration of funding.

f) Monitor and Review:

Monitor and review the performance of the risk management system and changes which might affect it.

g) Communicate and Consult:

Communicate and consult with internal and external shareholders as appropriate at each stage of the risk management process and concerning the process as a whole.

VII. ROLES AND RESPONSIBILITIES:

a) Elected representatives:

Elected representatives are responsible for supporting the framework that sets the parameters for what is to be achieved. This will require considering risks when making decisions and allocating funding and resources.

b) Senior management:

Senior managements are responsible for ensuring that a management system is established, implemented and maintained in accordance with this policy.

c) All Employees generally:

All employees are responsible for identifying potential risks. Management is additionally responsible for risk analysis, evaluation, assignment, registration and development of mitigation plans and risk reduction strategies. These risk management processes should be integrated with other planning processes and management activities.

All employees are required to support and contribute to risk management initiatives and to advise their managers of risk issues they believe require attention.

d) Risk Management Group:

The General Manager will ensure that employee representatives from across the organization meet regularly, through a risk committee or similar group, to implement risk management actions throughout the organization. The General Manager, or nominee, will chair these meetings.

A Risk management action plan will be developed to guide the implementation of risk management activities.

The General Manager is responsible for overseeing the implementation of the Risk Management action plan, determining an acceptable level of risk for the council and monitoring the council's overall risk profile and mitigation strategies.

e) **Council's Risk Manager:**

The senior staff manager responsible for risk management is responsible for assisting the risk management group with the establishment of Council's risk management systems and processes, the development of information and training tools and templates, monitoring a risk register, maintenance of the Risk Management Action Plan and reporting to the risk management group the council's risk profile and mitigation strategies.

f) **Managers and Supervisors:**

All managers and supervisors are responsible for the implementation of this Risk Management Policy and the Risk Management Action Plan within their respective areas of responsibility. This includes the identification, assessment and documenting of risks and the acceptance or assignment of risk responsibility, ongoing assignment and recording of risks in a risk register.

VIII. RISK ASSESSMENT:

Council will adopt methodologies integrated into Council's project, business and corporate planning and review processes.

The objective of any risk assessment process is to establish a consistent and comparable basis for quantifying and measuring risk across Council's operations. These risk levels can then be compared to Council's acceptable level of risk, as determined by the General Manager, to identify an appropriate strategy for treatment.

IX. SUPPORTING DOCUMENTS:

The General Manager will ensure adequate support documents are developed for use by staff in support of this policy. These documents include a risk register that records all identified risks, a risk management action plan that identifies action to be taken to mitigate risks and a risk management framework that outlines the entire framework within council for risk management.

X. RISK REGISTRATION, TREATMENT AND REPORTING:

Council's risk register requires managers to record, as a minimum, the risk description, an assessment of that risk, the responsible officer for managing that risk and treatment plans.

This information provides a useful tool for managers and staff to consider in both strategic and operational planning and is available to managers and staff.

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

XI. REVIEW:

This policy shall be reviewed from time to time as may be necessary to ensure it meets the requirements of legalisation and the needs of Council.

This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company.
