

ELEGANT MARBLES & GRANI INDUSTRIES LTD.

Manufacturers / Importers / Exporters of Mirror Polished Italian Marbles & Granites

POLICY ON RISK MANAGEMENT

1. PREAMBLE

ELEGANT MARBLES AND GRANI INDUSTRIES LIMITED (“the Company”) has always been committed to manage its risk effectively and efficiently. It is the key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the Company’s activities.

Risk Management Policy and Processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

The Company recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives. It improves decision –making, defines opportunities and mitigates material events that may impact shareholders value. The Risk Management Framework enables a systematic approach to risk identification, leverage of any opportunities and provides treatment strategies to manage, transfer and avoid risks.

2. INTENT

The main purpose of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. Its main areas of focus are as follows:

- To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the company’s risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

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The Company's Risk Management Policy has been developed to include the following key categories:

- a) Human Resources
- b) Financial
- c) Business Processes and Systems
- d) Strategy
- e) Corporate Governance and Compliance
- f) Information Security

3. DEFINITIONS

- 3.1 "Act" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- 3.2 "Board of Directors" or "Board" in relation to a Company, means the collective body of the Directors of the Company.
- 3.3 "Company" means ELEGANT MARBLES AND GRANI INDUSTRIES LIMITED.
- 3.4 "Policy" means the current policy on Risk Management, including amendments, if any, from time to time.
- 3.5 "Risk" means the chance of a future event or situation happening that will have an impact upon company's objective favorably or unfavorably. It is measured in terms of consequence and likelihood.
- 3.6 "Risk Management" includes risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring.

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4. RISK FRAMEWORK

Risk identification, assessment and treatment are part of the yearly business planning process. Risk ownership is allocated to management for risk assessment and risk treatment plan determination.

Regular review, assessment and monitoring of existing risks is to occur quarterly. New risks are to be managed as they arise. All risks must be re-assessed when there is an organisational change to the business structure (i.e. an acquisition, management change or restructure of the business).

- Risk Assessment is conducted using a risk matrix for likelihood and consequence, taking the existing controls into consideration. The consequence assessment covers:
 - Financial;
 - Service delivery;
 - People (including health and safety);
 - Reputation and Brand; and
 - Regulatory and Compliance.

Risk Treatment options are considered in determining the suitable risk treatment strategy. Risk treatment options include:

- Avoid the risk;
- Reduce the likelihood of the occurrence;
- Reduce the consequences of the occurrence;
- Transfer the risk (mechanism includes insurance arrangements); or
- Retain the risk.

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5. DISCLOSURE IN BOARDS' REPORT

Board of Directors' Report shall include 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.

6. IMPLEMENTATION

The Company is prone to inherent business risks. This document is intended to formalize a Risk Management Policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

This Policy is in compliance with the requirements of Companies Act, 2013 and Clause 49 of the Listing Agreement which requires the Company to lay down procedures for risk assessment and procedure for risk minimization.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined framework.

7. ROLE OF THE BOARD

- The Board authorized the Whole Time Directors (WTDs) for framing, implementing, monitoring the risk management and also to take necessary actions as and when the need arises keeping the Board well intimated.
- The Whole Time Directors (WTDs) shall monitor and review the risk management plan and such other functions as it may deem fit;
- Ensure that the appropriate systems for risk management are in place;
- The Independent Directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;
- Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks;

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- Be satisfied that processes and controls are in place for managing less significant risks;
- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into Board Reporting and Annual Reporting mechanisms;

8. REVIEW

This policy shall be reviewed at regular intervals to ensure it meets the requirements of legislation and the needs of organization.

9. AMENDMENTS IN LAW

Any subsequent amendment/modification in the Listing Agreement and/or applicable laws in this regard shall automatically apply to this Policy.