

RISK MANAGEMENT POLICY
R K MARBLE & GRANITE PRIVATE LIMITED

INTRODUCTION

Oxford Dictionary defines the term “risk” as a chance or possibility of danger, loss, injury or other adverse consequences. Risk Management is attempting to identify and then manage the potential 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 pro-active actions and measures in order to safeguard and shield the Company’s interest from the most likely threats.

Our Company has a well-defined and a robust integrated Risk Management Policy that includes a clear understanding of risk, evaluating its impact on the business and taking appropriate counter-measures to mitigate and diversify the identified risks.

This report encompasses policies and procedures relating to the Risk Management of the Company. The risks detailed herein are not exhaustive and are for information purposes only. This report may contain forward-looking statements. The forward looking statements contained herein are subject to certain risks and uncertainties that may cause actual results to differ materially from those reflected in the forward-looking statements.

RISK ASSESSMENT

Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks. To meet the organizational objectives, effective strategies for exploiting opportunities are to be evolved and as a part of this, key risks are identified and plans for managing the same are laid out.

RISK MANAGEMENT AND RISK MONITORING

In the management of Risk the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in the following areas:

❖ OPERATING RISKS

The activities of the Company are subject to all of the threats and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, environmental hazards, industrial accidents, labor disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in rock formation characteristics and mineral recovery, encountering unanticipated ground or water conditions, land slips, flooding, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavorable operating conditions and losses.

The operating risks and respective mitigating actions as perceived by the Company:

RISK DESCRIPTION	MITIGATING ACTION	FURTHER ACTION NEEDED
i. Recovery of marble It varies based upon Geological disturbances like cracks, fissure, Joints,	i. Correct Assessment of mineral deposit through scientific prospecting & exploration. ii. Controlled Blasting in OB & IB to improve recovery. iii. As per need change in	i. R & D using adhesives in cracks, fissures of Raw blocks, Laffars etc., thereby increasing the recovery.

inter burden etc.	orientation of face advancement iv. Proper Khasra/Marking with four tier quality checks v. Mineral conservation strategy mining of block, Laffar, D Marka, Khanda& rubble for optimum use of deposit.	
i. Land acquisition for dump yard Due to higher stripping ratio on account high of Over Burden & Inner Burden	i. So far we have sufficient land for dumping ii. We are dumping with terracing to reduce land requirement iii. Trying to improve recovery so that waste generation is reduced. iv. Selling all types of marble for all size Slabs, Tiles etc to reduce waste generation.	i. Utilisation of waste for highway road work filling, making gitty etc. ii. R & D towards conversion of amphibolite into saleable product.
i. Slope Failure Due to working at greater depth, stability of mines may be affected adversely	i. We are maintaining a safe slope angle or ultimate pit slope ii. Keeping bench parameters in check. iii. Reduction of dynamic forces by Controlled Blasting & less vibration. iv. No accumulation of water around cracks. v. Use of wire saw dressing technology to maintain vertical faces. vi. Monitoring of crack development its elongation & widening regularly & taking requisite action in time to reduce any slope failure. vii. Working single phada at a time etc.	i. A slope stability study is needed. We are in the process to conduct the same.
i. Safety issues like inundation, Fire, Explosion etc. 1. Inundation : since our mines are deepest in area, hence on account of possible unprecedented rain in catchment	i. All safety issues are being taken care of with “SAFETY MANAGEMENT SYSTEM” OHSAS 18001:2007 certification is already implemented, apart from this with regular safety audits, safety training, training through animation film etc.	i. BBS implementation i.e. Behaviors Based Safety to Enhance safety operation

area may inundate whole mines causing cessation of working submerging of equipment, M/c, manpower etc. 2. Break out of fire on account of wrong use of electricity, use of diesel, oil, some chemical there are chance of fire. 3. Explosion is mainly due to use of explosive etc.		
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❖ **VIABILITY OR ECONOMICAL RISK**

Financial viability is the ability of an entity to continue to achieve its operating objectives and fulfill its mission over the long term. It is the ability to generate sufficient income to meet operating income, debt commitments and where applicable and also most importantly to allow for growth, while maintaining service levels.

The economic risks and respective mitigating actions as perceived by the Company:

RISK DESCRIPTION	MITIGATING ACTION	FURTHER ACTION NEEDED
i. Reduction in recovery Since mines are proceeding to its fag end i.e. going deeper is reducing recovery. ii. Increase in Input Cost The input cost is going to increase at a point. This will affect viability of operation. Viability will depend upon Break Even Point.	i. We are increasing productivity through use of state of art technology, Enterprise Resource Planning {ERP}, new machines. ii. Increased, Order Management System {OMS}/ productivity. iii. Cost reduction regime or incentive to work force on cost reduction. iv. Developing multi trained human resource. v. By above measures we are keeping Break Even Point {BEP} at bay.	i. To continue with same actions which are presently mitigating the risk, with same zeal and spirit and on a continuous basis.

❖ **PRODUCTION AND SALES RISK**

There can be no assurance that losses will not occur in the near future or that the Company will continue not to be profitable in future. There can be no guarantee that the company will generate sufficient revenues or continue to be profitable. Also a decrease in market demand could impact the Company's future business prospects.

The production risks and respective mitigating actions as perceived by the Company

RISK DESCRIPTION	MITIGATING ACTION	FURTHER ACTION NEEDED
i. Increase in demand of cheaper substitute Flooring and furnishing products with marble-like appearance such as vitrified tiles, glazed porcelain tiles, soapstone, cultured marble etc. can adversely affect the demand and price of the natural marble produced by us.	i. Strengthening technique through CTS (consumer technical service), better quality products & other services. ii. The company offers products at various price points to various consumer segments, expanding it's presence across the value chain. iii. The company has a unique brand called the '90 Degree Stone'. The first offering under this brand is 'Ocean Block' which is a high grade metamorphic stone ,which provides freedom to the customers to choose the stone finish, thickness and size.90 Degree is a pioneer in India to introduce cut to size panels. iv. The company took measures to strengthen branding through trade shows such as participation in Marmomacc Verona Italy and Stonemart Jaipur India in the year 2013.	i. Develop expertise to cater to each customer's needs by offering excellent products and services at competitive prices. ii. Explore International market for more export opportunities in coming years.

❖ **POLITICAL AND REGULATORY RISK**

The Company's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labor standards, occupational health standards, toxic wastes, the protection of endangered and protected species of flora and fauna and other matters.

RISK DESCRIPTION	MITIGATING ACTION	FURTHER ACTION NEEDED
i. Mining rights policy is changing	i. So far we are dealing with all the requirements of different	i. Review if any relevant change

quickly.	department of state & center government for mining.	occurs in legal framework of country, state or local authority.
ii. Land acquisition problem is increased multifold.	ii. We have trained & talented staff to understand the new laws & fulfill the requirement	ii. Representation to government with a common forum for reduction of overlapping laws in different department.
iii. Different department to deal with mining as against single window clearance.	iii. We are hiring DGMS certified staff or developing in house persons to get requisite certificate & they can deliver requisite results.	iii. A separate legal frame work is prepared for mining under one department.
iv. Shortage of Directorate General of Mines Safety {DGMS} certified staff.	iv. Robust human resource policies and personal touch of management allows higher retention rate of the trained human resource resulting into a lower attrition rate.	iv. Covering safety, mining, Environment, pollution, explosive, Ground water board department etc. i.e. single window clearance as well single department to monitor operation till exhaustion of deposit.
v. Increased turnover of certified staff leading to vacuum.	v. Currently we are fulfilling the same to maintain our business.	

❖ **ENVIRONMENTAL RISKS AND HAZARDS**

All phases of the Company's operations are subject to environmental regulation. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations.

RISK DESCRIPTION	MITIGATING ACTION	FURTHER ACTION NEEDED
i. New Environment laws on marble Mines irrespective of lease area.	i. So far we are dealing with all the requirements of different department of state & center government for mining.	i. Review if any relevant change occurs in legal framework of country, state or local authority.
ii. More public hue & cry, more PIL against mining.	ii. Green Support (plantation of trees on mines + abundant greenery at plant)	ii. Covering safety, mining, Environment, pollution, explosive, Ground
iii. Now a day	iii. Careful waste treatment	
	iv. Water treatment plant	

Aravali matter is sub judice before Hon. Supreme Court.	v. No emission only discharge of waste/water	water board department etc. i.e. single window clearance as well single department to monitor operation till exhaustion of deposit.
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