

RAMCO INDUSTRIES LIMITED



RISK MANAGEMENT POLICY

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OVERVIEW

This is in compliance with Section 134 (3) (n) of the Companies Act, 2013 and Clause 49 (VI) of the Listing Agreement which requires the Company to develop and implement a Risk Management Policy and to lay down risk assessment and minimisation procedures.

ROLE OF BOARD OF DIRECTORS

The Board of Directors of the Company oversee the development of Risk Management Policy and the establishment, implementation and monitoring of the Company's risk management system, in accordance with the policy.

ROLE OF THE CHIEF EXECUTIVE OFFICER (CEO)

The concerned Functional Heads and President, Textiles Division have the responsibility for identifying, assessing, monitoring and managing risks. They are also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of CEO and the Board, the risk profile of the Company is updated to reflect any material change.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the concerned Functional Heads with the assistance of CEO and Senior Management, as required.

CEO is required to report to the Board as to the effectiveness of the Company's management of its material business risks on a regular basis.

ROLE OF THE HEADS OF THE DEPARTMENTS

Heads of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Chief Executive Officer.

RISK PROFILE

A. Building Products Division :

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The areas of risk include,

- | | |
|---|---------------------------------------|
| a. Raw Material Risk – | - Sr. Vice President (Works) |
| b. Quality Risk - | - Sr. Vice President (Works) |
| c. Technology Risk - | - Sr. Vice President (Works) |
| d. Competition Risk | - Vice President (Marketing) |
| e. Financial Risk including Foreign Exchange Risk | - Vice President (Finance & Accounts) |
| f. Realisation Risk | - Vice President (Marketing) |
| g. Cost Risk | - Vice President (Materials) |
| | Sr. General Manager (Materials) |
| h. Legal Risk | - Company Secretary |
| i. Accidents & Calamities | - Vice President (Finance & Accounts) |
| | (For Insurance) |

B. Textiles Division : President with Shri B. Gnanagurusamy

The Foreign Exchange Risk Management Policy of the Company forms part of this policy.

The key risk management process would include

- i. Risk Identification
- ii. Assessment of identified risk
- iii. Risk measurement
- iv. Risk mitigation
- v. Monitoring of the risk mitigation efforts
- vi. Risk reporting and disclosures
- vii. Integration with strategy and business plan

ROLE OF AUDIT

A strong and independent Internal Audit Function at the corporate level carries out risk focussed audits across all businesses, enabling identification of areas where risk management processes may need to be improved. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. It also monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

RESPONSIBILITY TO STAKEHOLDERS

The Company considers the reasonable expectations of stakeholders particularly with a view to preserving the Company's reputation and success of its business. Factors which affect the Company's continued good standing are included in the Company's risk profile.

CONTINUOUS IMPROVEMENT

The Company's risk management system is always evolving. It is an ongoing process and it is recognised that the level and extent of the risk management system will evolve commensurate with the development and growth of the Company's activities. The risk management system is a "living" system and the documentation that supports it will be regularly reviewed and updated in order to keep current with Company circumstances.