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## **RISK MANAGEMENT POLICY**

### **BACKGROUND**

#### **Requirement as per Companies Act, 2013 ('the Act'):**

Section 134(3) of the Act, requires the Board of Directors of a Company, as part of the Board's Report, to furnish 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.

#### **Responsibility of the Audit Committee:**

As per Section 177(4) of the Act, 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 internal financial controls and risk management systems.

#### **Responsibility of the Independent Directors:**

As per Schedule IV of the Act [Section 149(8)] - Code for Independent Directors II. Role and functions: The independent directors shall: (1) 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; (2) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

#### **Requirement as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"):**

Regulation 17(9) of the Listing Regulations requires the Company to lay down procedures about risk assessment and risk minimization.

Regulation 21 of the Listing Regulations requires the Risk Management Committee to formulate detailed risk management policy which shall include:

- a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
- b. Measures for risk mitigation including systems and processes for internal control of identified risks.
- c. Business continuity plan.

Listing Regulations notified on July 08, 2016 read with SEBI notification dated May 05, 2021 effective from May 06, 2021, as amended from time to time, requires top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a Risk Management Policy (hereinafter referred as "Policy"). As per the amendment, once the provisions of Listing Regulations become applicable to a listed entity on the basis of market capitalisation, it shall continue to apply irrespective of change in the market capitalization.

## **OBJECTIVE**

The main objective 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 Company's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues

The specific objectives of this Policy inter alia are:

- 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 identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee ("the Committee") for the company's risk management process and to ensure its implementation.
- To measure risk mitigation including systems and processes for Internal Control of identified risks.
- To formulate Business Continuity Plan.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

## **RISK MANAGEMENT COMMITTEE:**

**COMPOSITION:** The Risk Management Committee shall consist of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. The Chairperson of the Risk management Committee shall be a member of the Board of Directors. The Company Secretary shall act as the Secretary to the Committee.

**MEETINGS:** The Risk Management Committee should meet at least two times in a year and not more than 180 days shall elapse between two consecutive meetings. The Quorum for the meeting of the Committee shall be a minimum of two members or one-third of the Members of the Committee, whichever is higher, including at least one member of the Board.

## **RISK MANAGEMENT FRAMEWORK**

### **PROCESS**

Risk management is a continuous process that is accomplished throughout the life cycle of a Company. It is an organized methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations; and tracking the implementation to ensure successful risk reduction. Effective risk management depends on risk management planning; early identification and analyses of risks; early implementation of corrective actions; continuous monitoring and reassessment; and communication, documentation, and coordination.

A framework for identification of internal and external risks faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee shall be prepared.

### **STEPS IN RISK MANAGEMENT**

- **Risk Identification :** This involves continuous identification of events that may have negative impact on the Company's ability to achieve goals. Identification of risks, risk events and their relationship are defined on the basis of discussion with the risk owners and secondary analysis of related data, previous internal audit reports, past occurrences of such events etc.
- **Risk Assessment :** Risk assessment is the process of risk prioritization. Likelihood and Impact of risk events have been assessed for the purpose of analyzing the criticality.
- **Risk Analysis :** Risk Analysis is to be conducted taking the existing controls into consideration. Risk events assessed as "high" or "very high" criticality may go into risk mitigation planning and implementation; low and medium critical risk to be tracked and monitored on a watch list.

- **Risk Treatment - Mitigation** : To ensure that the above risks are mitigated, the Company will strive to:
  1. Involve all functions in the overall risk identification and mitigation exercise;
  2. Link the risk management process to the strategic planning and internal audit process;
  3. The Risk Management Committee shall have access to all information necessary to fulfill its responsibilities.
  4. The Risk Management Committee may in its judgment periodically commission risk management analysis of the Company;
  
- **Risk - Control and Monitoring** :Risk management uses the output of a risk assessment and implements countermeasures to reduce the risks identified to an acceptable level. This policy provides process of assessing and mitigating risks identified within functions and associated processes.

#### **BUSINESS CONTINUITY PLAN :**

Business continuity plan refers to maintaining business functions or quickly resuming them in the event of a major disruption, whether caused by a fire, flood or any other act of god. A business continuity plan outlines procedures and instructions an organization must follow in the face of such disasters; it covers business processes, assets, human resources, business partners and more.

Company have well documented Business continuity plan for any contingent situation covering all perceivable circumstances. The Business continuity plan may be reviewed and amended by the Risk Management Committee.

#### **RISK REPORTING**

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

#### **DISCLOSURES**

Board's responsibility statement Board of Directors 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 in its Board Report.

## **AMENDMENTS**

The Board of Directors as per the recommendations of Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision/ amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.