



Risk Management Policy

A. Background

Ravita Engineering Services Limited. (formerly known as "Powermech Services Private Limited" and "Ravita Engineering Services Private Limited") ("**The Company**") considers ongoing risk management to be a core component of the Management of the Company and understands that the Company's ability to identify and address risk is central to achieving its corporate objectives.

This Risk Management Policy (the "**Policy**") outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture and is meant to ensure continuity of business and protection of interests of the investors and thus covers all the activities within the Company and events outside the Company which have a bearing on the Company's business. The policy is developed as a proactive approach which seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks by conducting detailed hazard identification and risk assessment exercises and adopting control measures for high-risk areas.

The formulation of this Policy is in compliance with Regulation 17(9) and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") and Section 134 of the Companies Act, 2013.

Furthermore, Regulation 17 of the SEBI Listing Regulations, requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

B. Objective and Purpose

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a proactive 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.

Risk Management is a structured process used to identify potential threats to an organisation and to define their strategy for eliminating or minimising the impact of the risks, as well as the mechanisms to effectively monitor, assess and evaluate the risks. The well-defined risk management process would provide confidence to its stakeholders that the Company's risks are known and adequately managed thereby enabling Management to focus on the Company's growth, strategy and value creation. The Company needs to assess which method best suits its objectives and its business.

In order to achieve the above objectives, the following needs to be ensured:

- (a) The risk process should be known and implemented across the business and critical support functions.
- (b) Risk management should be the responsibility of all the employees
- (c) Risk management should be directly linked to the business performance of the Company and also the individual performance of the employees.
- (d) Anticipate and respond to changing economic, social, political, technological, environmental and legal conditions in the external environment.

C. Risk Management Committee

As per Regulation 21 of the SEBI Listing Regulations, the Risk Management Committee, subject to the applicability shall have 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 and senior executives of the listed entity may be members of the committee.



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The Risk Management Committee shall meet at least twice in financial year. The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

D. Components of a sound Risk Management System

The risk management system in the Company should have the following key features;

- a) Active board of directors, committee and senior management oversight;
- b) Appropriate policies, procedures and limits;
- c) Comprehensive and timely identification, measurement, mitigation, controlling, monitoring and reporting of risks;
- d) Appropriate management information systems at the business level;
- e) Comprehensive internal controls in accordance with current regulations; and
- f) A risk culture and communication framework

E. Risk Management Process/Framework

The risk management committee formed by the Board shall periodically review the risk management policy of the Company and evaluate the risk management systems so that management controls the risk through a properly defined network.

Heads of departments shall be responsible for implementation of the risk management system as applicable to their respective areas of functioning

- (a) **Risk Identification:** Management identifies potential events that may positively or negatively affect the Company's ability to implement its strategy and achieve its objectives and performance goals.

Risks can be identified under the following broad categories. This is an illustrative list and not necessarily an exhaustive classification.

- (i) Internal Risks including:
- Strategic risks: Competition, inadequate capacity, high dependence on a single vendor
 - Business risks: Project viability, process risk, technology obsolescence/ changes, entry into new geographies and business verticals, quality control.
 - Environmental risks: Non-compliance with environmental regulations, health risks arising out of construction and related activities, inability to source materials sustainably.
 - Personnel risk: Health & safety, high attrition rate, retention of qualified personnel incompetence.
 - Operational risk: Process bottlenecks, non-adherence to process parameters/pre-defined rules.
 - Reputation risks; Brand impairment, product liabilities, quality control.
 - Regulatory risks: Non-compliance with statutes, change of regulations and related compliance issues
 - Technology risks: Innovation and obsolescence etc.
- (ii) External Risks including:
- Sectoral risks: Unfavorable consumer behavior in relation to the relevant sector, difficulty in procuring licenses / permits and liaising with governmental authorities who regulate the sector.
 - Sustainability risks: Environmental, social and governance related risks.
 - Political risks: Changes in the political environment, regulation/ deregulation due to changes in political environment.

- (b) **Root Cause Analysis:** Undertaken on a consultative basis, root cause analysis enables tracing the reasons / drivers for existence of a risk element and helps developing appropriate mitigation action.





- (c) **Risk Scoring:** The risk scoring methodology helps in strengthening the overall resilience of the organization, safeguard its assets, ensure compliance with regulatory requirements, and protect its long-term stability. The Company shall incorporate structured risk scoring methodology based on the ratings of high, medium, and low risk is an essential element of the company's risk management policy. This approach facilitates a clear and systematic process for identifying, assessing, and prioritizing risks in accordance with their potential impact on the organization and the likelihood of their occurrence. Under this framework, risks are categorized into three distinct levels:
- (i) **High-Risk:** These are risks that pose a significant threat to the company's operations, financial stability, or reputation. High-risk events are characterized by a high likelihood of occurrence and severe consequences if they materialize. As such, they require immediate attention and the implementation of comprehensive mitigation strategies. These risks must be managed with priority to prevent any potential disruption or loss, and resources should be allocated accordingly to address and reduce their impact.
 - (ii) **Medium-Risk:** Risks falling into this category present moderate likelihood and impact. While not as urgent as high-risk items, they still require careful monitoring and the development of appropriate preventive or corrective actions. These risks should be managed actively to reduce their likelihood or impact, with an emphasis on ongoing evaluation and timely intervention to ensure they do not escalate into more critical issues.
 - (iii) **Low-Risk:** These are risks with a low probability of occurrence and limited potential impact on the organization. While low-risk items do not demand immediate action, they should still be subject to routine monitoring and periodic reassessment. Any necessary mitigation measures should be implemented in a cost-effective and proportionate manner, ensuring that the company remains prepared for even unlikely events.
- (d) **Risk Categorization:** The identified risks are further grouped in to (a) preventable; (b) strategic; and (c) external categories to homogenize risks.
- (i) Preventable risks are largely internal to the Company and are operational in nature. The endeavor is to reduce /eliminate the events in this category as they are controllable. Standard operating procedures and audit plans are relied upon to monitor and control such internal operational risks that are preventable.
 - (ii) Strategy risks are voluntarily assumed risks by the senior management in order to generate superior returns / market share from its strategy. The Company adopts a strategic approach to managing risks by either accepting or sharing the risk. This means that the Company may choose to accept certain risks as part of its business strategy, or it may opt to share the risk with external parties, such as partners or insurers. This system is designed to reduce the likelihood of identified risks materializing and to enhance the Company's ability to manage, control, and contain the impact of any risks that may occur.
 - (iii) External risks arise from events beyond organization's influence or control. They generally arise from natural and political disasters and major macroeconomic shifts. Management regularly endeavors to focus on their identification and impact mitigation through 'avoid/ 'reduce approach that includes measures like business continuity plan / disaster recovery management plan / specific loss insurance / policy advocacy etc.
- (e) **Risk Prioritization:** Based on the composite scores, risks are prioritized for mitigation actions and reporting.
- (f) **Risk Monitoring:** It is designed to assess on an ongoing basis, the functioning of risk management components and the quality of performance over time. Staff members are encouraged to carry out assessments throughout the year.





- (g) **Risk Reporting:** Periodically, key risks are reported to the Risk Management Committee with causes and mitigation actions undertaken/ proposed to be undertaken.

The internal auditor carries out reviews of the various systems of the Company using a risk-based audit methodology. The internal auditor is charged with the responsibility for completing the agreed program of independent reviews of the major risk areas and is responsible to the audit committee which reviews the report of the internal auditors on a quarterly basis.

The statutory auditors carry out reviews of the Company's internal control systems to obtain reasonable assurance to state whether an adequate internal financial controls system was maintained and whether such internal financial controls system operated effectively in the company in all material respects with respect to financial reporting.

F. Roles and Responsibilities

Responsibility holders	Responsibilities
Board of Directors	The Company's risk management architecture is overseen by the Board and the policies to manage risks are approved by the Board. Its role includes the following: <ul style="list-style-type: none"> (a) Ensure that the organization has proper risk management framework. (b) Define the risk strategy, key areas of focus and risk appetite for the company. (c) Approve various risk management policies including the code of conduct and ethics. (d) Ensure that senior management takes necessary steps to identify, measure, monitor and control these risks.
Risk Management Committee	The Risk Management Committee, as constituted by the Board, is the key committee which implements and coordinates the risk function as outlined in this policy on an ongoing basis. Its role includes the following: <ul style="list-style-type: none"> (a) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company. (b) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems. (c) Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity, and recommend for any amendment or modification thereof, as necessary. (d) Keep the Board of directors of the Company informed about the nature and content of its discussions, recommendations and actions to be taken. (e) Review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).
Audit Committee	The Audit Committee assists the Board in carrying out its oversight responsibilities relating to the Company's <ul style="list-style-type: none"> (a) financial reporting process and disclosure of financial information in financial statements and other reporting practices, (b) internal control, and (c) compliance with laws, regulations, and ethics.

G. Business Continuity Plan:

The objective of the Business Continuity Plan is to support the business process recovery in the event of a disruption or crisis. This can include short or long-term crisis or other disruptions, such as fire, flood, earthquake, explosion, terrorism, tornadoes, extended power interruptions, hazardous chemical spills, Epidemic and Pandemic and other natural or man-made disaster.



H. Amendment

Any changes or modification to the Policy shall be recommended by the Committee and be placed before the Board of Directors for approval.

Any subsequent amendment/modification in the Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.



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