

**RSB RETAIL INDIA LIMITED**  
**(Formerly known as R S Brothers Retail**  
**India Limited)**

**RISK MANAGEMENT POLICY**

# RISK MANAGEMENT POLICY

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## 1. Introduction:

The Board of Directors of RSB Retail India Limited (**“the Company”**) has approved this Risk Management Policy in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“the Listing Regulations”**) and provisions of the Companies Act, 2013 (**“the Act”**), which requires the Company to lay down procedures about risk assessment and risk minimization.

Risk management is an integral component of good corporate governance and fundamental in achieving the Company’s strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder value.

## 2. Objective

The Company is committed to high standards of business conduct and comprehensive risk management. The objective of Risk Management is to help managers:

- Integrate risk management in the day-to-day management of the business.
- Improve business performance by improving decision making and planning.
- Escalate risk information on timely basis at appropriate levels.
- Promote a more risk aware culture in pursuit of opportunities to benefit the organization.
- Provide clear and strong basis for informed decision making at all levels of the Company

This policy is intended to ensure that an effective risk management framework is established and implemented within the Company and to provide regular reports on the performance of that framework.

## 3. Definitions:

The Policy is formed around a common understanding of terminology used in this document i.e.:

- **Risk:**  
Risk is an adverse event resulting from inadequate or failed internal processes, people and systems, or from external sources. Risk can also be defined as any threat that can potentially prevent the Company from meeting its objectives. It also can be defined as a potential event or action that has a chance of occurring, that may be caused by internal or external vulnerabilities and that may or may not be avoidable by pre-emptive action, which may result in a negative impact on the Company.

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- **Risk Management:**

It is defined as the systematic process of identifying, quantifying, analysing, and responding to all Risks and anticipated or unanticipated future events that have the potential to generate unwanted effects. It includes the ability to foresee challenges achieving the Company's objectives and attempts to lower the likelihood and impact of their occurrence.

- **"Risk Management Committee"** means the Committee formed by the Board of Directors ("**Board**") of the Company.

- **Risk Analysis:**

It is the process of determining how often Risks may occur (likelihood) and the magnitude of their consequences (impact).

- **Risk Evaluation:**

It is the process used to determine Risk Management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria, to generate a prioritized list of risk for further monitoring and mitigation.

- **Risk Assessment:**

Risk Assessment is the combined process of Risk Analysis and Risk Evaluation.

- **Risk Classification:**

Risk elements are classified into various risk categories. Risks are grouped for better management and control. Each risk category is appropriately defined for the purpose of common understanding.

- **Risk Review:**

A risk review involves the re-examination of all risks recorded in the risk register and risk profiles to ensure that the current assessments remain valid. It also aims at assessing the progress of risk treatment action plans

- **Risk Tolerance or Risk Appetite:**

It indicates risk taking ability of the Company which will be qualitative in nature. It defines the risk scoring matrix to determine risk level and risk appetite codes indicating the Company's plan from zero tolerance to highest risk appetite level. Refer "Risk Appetite & Tolerance Guidance" for more details.

#### 4. Roles and Responsibilities:

**(i) The Board:**

- Approve and review the Risk Management Policy
- Define the role and responsibility of the Risk Management Committee and delegate monitoring and reviewing of the risk management plan to the Risk Management Committee

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and such other functions as it may deem fit, which also shall specifically cover the function related to the Cyber Security.

- Oversee the development and implementation of risk management framework and maintain an adequate monitoring and reporting mechanism.
- Review and consider risk management reports

### **(ii) Risk Management Committee:**

- To formulate a detailed risk management policy which shall include:
  - 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.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- Define the Company's Risk Appetite
- Identify and assess internal and external Risks in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk that may impact the Company in achieving its strategic objectives or may threaten the existence of the Company
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate Risks associated with the business of the Company.
- To ensure implementation of risk mitigation plans
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- To keep the Board informed about the nature and content of its discussions, recommendations, and actions to be taken.
- The appointment, removal, and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- The committee to meet at least twice in a year in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.

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### **(iii) Senior Management of the Company (SMG):**

The SMG comprises of core management team which heads individual functions in the Company. They will:

- Implement and monitor the principles, actions, and requirements of the risk management plan.
- Provide necessary tools and resources to identify, manage and mitigate risks.
- Review risks on quarterly basis- identification of new risks, changes to existing risks, updating risk register etc.
- Report the status of risk items to the Risk Management Committee and Audit Committee.
- Appraise risk owner's actions taken to manage risk and correction of inappropriate performance
- Internal compliance and control systems for the implementation of the risk management plan.

### **(iv) Risk co-ordinators and process owners**

They will play a key role in supporting the team in developing, maintaining and embedding the risk management framework within the Company. They will -

- Identify any perceived Risk at ground level in various processes.
- Ensure that implementation of recommendation and action plan finalised by the Board, as per the Risk Management Policy, is done in spirit.
- Ongoing maintenance of risk framework and documentation including policies and procedures.
- Support and manage the risk workshop process.
- Take notes and produce draft minutes of key Risk Management meetings.

### **(v) Internal Audit:**

Further, the independent Internal Audit function shall provide assurance on the integrity and robustness of the risk management process.

### **(vi) Audit Committee:**

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The 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.

### (vii) Independent Directors:

Independent directors of the Board should satisfy themselves on the integrity of financial information and that financial controls and the systems of Risk Management are robust and defensible.

## 5. Risk Management Process:

### i. Risk Universe Analysis:

Risk analysis involves consideration of the sources of Risk, their consequences and the likelihood that those consequences may occur. The existing systems, control measures and procedures to control Risk are identified and their effectiveness is assessed. The impact and likelihood of an event and its associated consequences are assessed in the context of the existing controls.

### ii. Risk Identification:

Risk Identification is obligatory on all vertical and functional heads that with the inputs from their team members are required to report the material risks to the SMG along with their considered views and recommendations for risk mitigation. Analysis of all the risks thus identified shall be carried out by the SMG through participation of the vertical/functional heads.

Risk Category	Description
Strategic Risks	<ul style="list-style-type: none"><li>• Market Strategy, Organizational Growth - Market Penetration, Market share, loss of reputation</li><li>• Globalization and Technological obsolesce</li><li>• Volatility in Commodity Market</li><li>• Loss of Intellectual Property and Trade secret</li><li>• Uncertainty surrounding political leadership in Domestic and International markets</li><li>• Economic condition of the market, Global recession and Environmental Issues</li></ul>
Operational Risks	<ul style="list-style-type: none"><li>• Consistent Revenue growth</li><li>• Cost Optimization</li><li>• Manpower retention</li><li>• Disaster Management and Data security</li><li>• Inefficient working capital management - High Inventory</li></ul>
Compliance Risks	<ul style="list-style-type: none"><li>• Ensure stricter adherence to laws/ rules/ regulations/ standards</li><li>• Adherence of company Policies and Procedures (SOPs)</li></ul>

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Financial and Reporting risks	<ul style="list-style-type: none"> <li>Volatility in Currency, funding &amp; Credit risk</li> <li>Maintaining high standards of Corporate Governance and public disclosures</li> </ul>
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### iii. Risk Assessment:

The Risks will be assessed on qualitative two-fold criteria. The two components of Risk Assessment are (a) the likelihood of occurrence of the risk event and (b) the magnitude of impact if the risk event occurs. The combination of likelihood of occurrence and the magnitude of impact provides the inherent risk level

In determining probability of a given level of risk the following scale is to be used for likelihood:

Score/Level	Descriptor
25	Expected
20	Likely
15	Possible
10	Unlikely
5	Rare

In determining consequences of a given level of risk the following scale is to be used impact:

Score/Level	Descriptor
25	Critical
20	High
15	Moderate
10	Low
5	Minor

### Risk Assessment Matrix:

Almost Certain (5)	Low	Medium	High	High	High
Likely (4)	Low	Low	Medium	High	High
Possible (3)	Low	Low	Medium	Medium	High
Unlikely (2)	Low	Low	Low	Low	Medium
Remote (1)	Low	Low	Low	Low	Low
↑ Probability	(1)	(2)	(3)	(4)	(5)
→ Consequence	Insignificant	Minor	Moderate	Major	Catastrophic

### Risk Score



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### iv. Risk Evaluation:

Risk Evaluation involves comparing the level of risk found during the analysis process against the pre-defined risk weights so as to assess their potential severity of loss and to the probability of occurrence. Risk weights of High / Medium / Low can be assigned based on parameters for each operating activity. The output of the Risk Evaluation is a prioritized list of risks for further action. If the resulting risks fall into the low or acceptable risk categories, they may be accepted with minimal further treatment.

### v. Risk Response:

Risk response involves identifying the range of options for treating risk, assessing those options, preparing risk treatment plans and implementing them. Options include avoiding the risk, reducing the likelihood of the occurrence, reducing the consequences, transferring the risk, and retaining the risk. Gaps will then be identified between what mitigating steps are in place and what is desired. The action plans adopted will be documented and its implementation tracked as part of the reporting process. Ownership and responsibility for each of those risk mitigation steps will then be assigned.

### vi. Reporting:

The Risk Management Committee should provide assurance to the Audit Committee and Board with regards to the financial records, risk management and internal compliance. Risks will be continuously monitored and reviewed; and the effectiveness of the controls in place and of the Risk Action Plan is assessed to ensure changing circumstances do not alter risk priorities.

## 6. Documentation:

The responsibility for documenting the individual risks has been assigned to the risk owners. Functionaries are responsible for performing and documenting risk assessments and developing appropriate risk management plan.

The key documents pertaining to risk management process that need to be maintained are:

- a) **Risk Register/ Risk library:** It contains a list of all identified risks during the periodic review. It is the key document used to communicate the current status of all known risks and is used for management control, reporting and reviews.
- b) **Risk Assessment Template:** The Risk Assessment Template is used to document company's likelihood and impact rating for each identified risk. It is a base document to capture risk and controls self-assessment ratings
- c) **Risk Profile:** The Risk Profile provides detailed documentation and attributes of risk along with details of actions planned for risk mitigation.
- d) **Risk Management Report:** The Risk Management report is to be placed before the Board for review and approval.

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### 7. Communication of the Risk Management Policy:

This Risk Management Policy shall be posted on the website of the Company i.e. <https://rsbretail.com/>

### 8. Policy Review:

This Risk Management Policy shall be reviewed periodically, at least once in two years, including by considering the changing industry dynamics and evolving complexity to ensure effectiveness and that its continued application and relevance to the business. Feedback on the implementation and the effectiveness of the policy will be obtained from the risk reporting process, internal audits, and other available information. This policy can be modified at any time by the Board of the Company.

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### 9. Version History:

Version	Date of approval of Board of Directors	Remarks
1.0	March 19, 2025	Nil