

Risk management

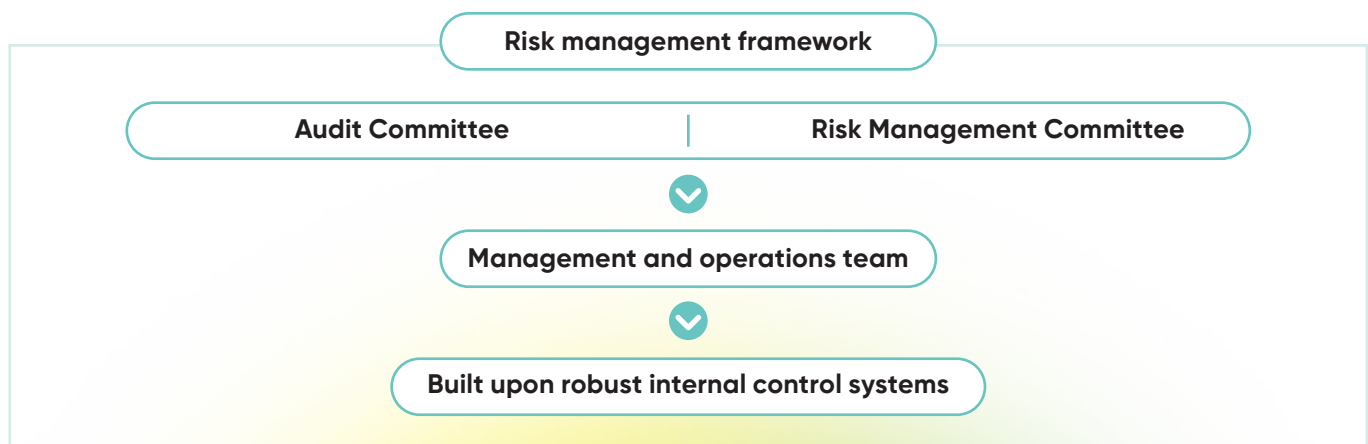
In an ever-evolving external environment, we are continuously exposed to diverse strategic, operational and compliance risks that could influence our ability to achieve our objectives. To address these challenges, we have established a comprehensive, multi-layered risk management framework, which effectively identifies, evaluates and mitigates potential threats, thereby safeguarding our assets and ensuring sustained growth.

Our risk management approach



Governance of risk management

Risk governance at RAIN is overseen by the Board of Directors, with the Audit Committee supervising the effectiveness of the risk management and internal control framework. The Risk Management Committee consolidates segment-level assessments into a Group-wide risk view and monitors key risks and mitigation actions, while management teams and internal audit support ongoing identification, reporting and control effectiveness across operations.



Emerging risks

Risk impact

Our response

1. Market and operational risks

- Raw material and supply chain volatility makes it challenging to secure feedstocks (e.g., coal tar and green petroleum coke), shifting global supply, pricing, and logistics dynamics
- Segment-specific performance variability, as demonstrated through the improved profitability of the Carbon segment while other segments lagged, highlighting uneven industry dynamics

- The Board monitored trends in global commodity markets, particularly prices of major raw materials such as GPC, coal tar and energy inputs
- It directed the management to adopt dynamic procurement strategies, including diversification of sourcing locations and renegotiation of supply contracts to minimise exposure to sudden price spikes

2. Supply chain and logistics risks

- Global supply chain risks arising from geopolitical developments, freight constraints, port congestion and logistics delays

- Enhanced multi-modal transport planning in addition to deepened relationships with alternate suppliers and logistics partners and utilisation of digital supply chain tracking mechanisms for greater visibility

3. Cybersecurity and technology risks

- Potential data leakage, disruption of digital systems and adverse impacts on operational continuity, compliance and stakeholder trust

- Periodic reviews and employee training mitigation measures

4. Environmental, social and governance risks

- Regulatory requirements around emissions, climate disclosures and sustainability benchmarks are evolving globally
- Independent risk assessments flag physical and climate-related risks, such as cyclone, flood scenarios at facilities

- Dedicated monitoring of regulatory changes relating to trade policies, carbon taxation, chemical safety standards, waste rules and environmental norms at both national and international levels
- Scenario planning and impact assessment for potential changes in import/export duties, foreign trade agreements and supply chain constraints






5. Geopolitical and macroeconomic uncertainties

- Global geopolitical tensions, currency fluctuations and economic cyclicality influence demand and cost structures in key markets

- During the year, the Board of Directors provided strategic direction and close oversight to ensure business continuity and financial resilience amid heightened external uncertainties

Our mitigation process

Inability to sell higher volumes			
Impact	Mitigation measures	Key developments	YoY risk movement
Loss of revenue and market position	<ul style="list-style-type: none"> Expand market share and ensure customer retention Leverage channel financing Focus on cost efficiency 	<ul style="list-style-type: none"> Expanded customer base through diversified channels Increased cost efficiency through streamlined operations 	<ul style="list-style-type: none"> Likelihood: Medium Impact: Medium Risk rating: Balanced
Fluctuation in exchange and interest rates			
Impact	Mitigation measures	Key developments	YoY risk movement
Financial volatility and increasing debt cost	<ul style="list-style-type: none"> Board-approved Forex Policy Monitoring and hedging foreign exchange exposure 	<ul style="list-style-type: none"> Increased monitoring frequency 	<ul style="list-style-type: none"> Likelihood: Medium Impact: Medium Risk rating: Balanced
Environment protection			
Impact	Mitigation measures	Key developments	YoY risk movement
Regulatory penalties and operational shutdowns	<ul style="list-style-type: none"> Compliance with applicable norms Adoption of circular economy principles 	<ul style="list-style-type: none"> Enhanced waste reduction measures Invested in eco-friendly technology 	<ul style="list-style-type: none"> Likelihood: Medium Impact: Higher Risk rating: Higher
Contamination of GPC and CPC during transit/storage			
Impact	Mitigation measures	Key developments	YoY risk movement
Production downtime and hampered quality	<ul style="list-style-type: none"> Logistics monitoring Standardised operating procedures Use of independent surveyors 	<ul style="list-style-type: none"> Improved handling protocols Conducted training sessions for logistics partners 	<ul style="list-style-type: none"> Likelihood: Medium Impact: Medium Risk rating: Balanced
Decarbonisation policies/threats			
Impact	Mitigation measures	Key developments	YoY risk movement
Erosion of competitive edge and cost overruns position	<ul style="list-style-type: none"> Diversification into energy storage materials market Ongoing GHG emission reduction measures and strategies 	<ul style="list-style-type: none"> Progressed in GHG emission reduction initiative 	<ul style="list-style-type: none"> Likelihood: Medium Impact: Higher Risk rating: Higher

Talent management			
Impact Stalled innovation and operational inefficiency	Mitigation measures <ul style="list-style-type: none"> • People-friendly policies • Opportunities for skill enhancement 	Key developments <ul style="list-style-type: none"> • Increased employee engagement • Launched new recruitment channels for our diverse talent pool 	YoY risk movement  <ul style="list-style-type: none"> • Likelihood: Medium • Impact: Medium • Risk rating: Balanced
Information technology			
Impact Business disruption and proprietary data loss	Mitigation measures <ul style="list-style-type: none"> • Disaster recovery systems • Cybersecurity protocols • Mandatory employee cybersecurity training 	Key developments <ul style="list-style-type: none"> • Strengthened cybersecurity with updated global insurance coverage • Implemented multifactor authentication 	YoY risk movement  <ul style="list-style-type: none"> • Likelihood: Medium • Impact: Higher • Risk rating: Higher
Occupational health and safety			
Impact Human capital loss and legal liability	Mitigation measures <ul style="list-style-type: none"> • Incident-free performance goals (STOP™ initiative) • Health insurance for employees 	Key developments <ul style="list-style-type: none"> • Increased training sessions • Maintained compliance with regulatory health standards 	YoY risk movement  <ul style="list-style-type: none"> • Likelihood: Medium • Impact: Higher • Risk rating: Higher
Process safety			
Impact Financial reporting accuracy and audit compliance risks	Mitigation measures <ul style="list-style-type: none"> • Maintenance of facilities • Compliance with operational standards 	Key developments <ul style="list-style-type: none"> • Strengthening monitoring and inspection practices • Regular training and compliance reviews 	YoY risk movement  <ul style="list-style-type: none"> • Likelihood: Medium • Impact: Higher • Risk rating: Higher
Regulatory compliance risk			
Impact Non-compliance penalties and restricted trade	Mitigation measures <ul style="list-style-type: none"> • Communication of regulatory updates • Compliance calendar 	Key developments <ul style="list-style-type: none"> • Monitoring of statutory compliances on regular basis through checklist and SAP Compliance Module • Keeping track of the changes in law by going through the notifications and circulars issued by regulatory authorities from time to time 	YoY risk movement  <ul style="list-style-type: none"> • Likelihood: Medium • Impact: Higher • Risk rating: Higher