



RICANS SOLAR ENERGY LIMITED

Formerly known as Ricans Solar Energy Private Limited

#URR No. A-05(A), Ground Floor, IIS Tech Park,
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CIN: U51909HR2018PTC068274

RICANS SOLAR ENERGY LIMITED

Hedging Policy

<i>Code:</i>	<i>Hedging Policy</i>
<i>Effective Date:</i>	<i>19th May 2025</i>
<i>Review Frequency</i>	<i>Annual</i>
<i>Policy Owner</i>	Chief Financial Officer / Treasurer / Risk & Compliance Officer



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1. Purpose

This **Hedging Policy** ("Policy") is established by **M/s RICANS SOLAR ENERGY LIMITED** ("the Company") in accordance with applicable laws and regulatory requirements, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR 2015"), and is approved by the Board of Directors.

The purpose of this Policy is to provide a structured framework for identifying, measuring, monitoring, and managing exposures to financial risks using permitted hedging instruments.

The primary objective of this Policy is to:

- Preserve and enhance shareholder value by mitigating material adverse impacts arising from financial market volatility.
- Ensure hedging activities are conducted within a structured, disciplined, and transparent framework.
- Promote compliance with applicable laws, accounting standards, and internal controls.
- Prevent speculative trading and unauthorized financial risk-taking.
- Reduce uncertainty through the use of hedging instruments and natural risk mitigation strategies;
- Share the risk framework with relevant stakeholders.

2. Scope

This Policy applies to all departments, and legal entities under the control of the Company that are subject to financial risk exposures, including:



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- **Market Risk:** Exposure to price volatility in key raw materials and commodities relevant to the Group's operations.
- **Credit Risk:** Monitoring and managing credit exposure, including credit/equity ratios of counterparties.
- **Currency Risk:** Exposure to exchange rate volatility affecting capital investments, interest obligations, and operational costs.
- **Liquidity Risk:** Maintaining sufficient liquidity by keeping the current ratio and other liquidity metrics within internally defined and regulatory-accepted limits.
- **Foreign exchange risks:** Cross-border transaction and investment exposure.
- **Interest rate risks:** Variability in interest costs from floating-rate borrowings or investments.
- **Commodity price risks:** Exposure to raw materials, energy, or other relevant commodities.
- **Other financial risks:** As identified by the Risk Management Committee from time to time.

3. Policy Statement

The Company adopts a prudent approach to managing financial risks and aims to minimize the impact of market volatility on its financial performance and value. The Company shall hedge only actual or probable risks that can be objectively measured and does not engage in speculative transactions.

4. Legal and Regulatory Framework

This Policy is framed in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and other applicable guidelines issued by regulatory authorities such as the Reserve Bank of India (RBI) and Foreign Exchange Management Act



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(FEMA). Specifically, this Policy aligns with Regulation 17(9)(b) of SEBI LODR, 2015, which mandates that the Board of Directors is responsible for laying down procedures to inform itself about the risks faced by the Company and ensuring that appropriate systems are in place to manage those risks. Regulation 21 of SEBI LODR requires listed companies to constitute a Risk Management Committee (RMC), which shall oversee the implementation of risk management practices, including the monitoring of hedging activities. In addition, Schedule V, Part C, Clause C (10) of SEBI LODR, 2015 requires disclosure of exposure to commodity and foreign exchange risks, hedging activities, and mitigation strategies in the Management Discussion and Analysis section of the annual report. Further, this Policy also complies with applicable accounting standards such as Ind AS 109 / IFRS 9 (pertaining to financial instruments and hedge accounting), and guidance from RBI and FEMA on derivative transactions.

5. Hedging Objectives

The objective of this Policy is to minimize the financial impact of adverse market movements on the Company's earnings, cash flows, and valuation by systematically identifying financial risks and applying appropriate hedging techniques. The Company does not undertake speculative transactions and shall hedge only those risks which are actual, probable, and capable of being measured. Hedging decisions will be aligned with the Company's strategic, operational, and financial objectives, and in a manner that ensures risk-adjusted returns without impairing liquidity or compliance.

6. Permitted Hedging Instruments

Subject to applicable regulatory guidelines and internal approvals, the Company may use financial instruments including but not limited to forwards, options, swaps (including interest rate and currency swaps), futures contracts, and other structured derivatives. In addition, natural hedging methods such as matching receivables and payables in the same currency, or aligning operational cash flows to mitigate interest rate or commodity price exposures, may be employed where feasible. All instruments used shall be in line with RBI's permitted derivative contracts and must comply with relevant accounting standards for hedge designation and effectiveness testing.

7. Risk Identification and Measurement

The Treasury and Finance teams, in collaboration with business units, shall regularly identify exposures to financial risks across currencies, interest rates, and commodities. These exposures shall be quantified based on notional value, mark-to-market (MTM) impact, and cash flow implications. The Risk Management Committee will oversee the establishment of systems for timely identification and accurate measurement of such risks.

8. Risk Limits and Risk Appetite

In compliance with Regulation 17 of SEBI LODR, 2015, the Company shall define and monitor its risk appetite, including limits on exposures and hedging ratios. The Company shall maintain a hedging ratio of 80–100% for net foreign exchange exposures where material, and evaluate the use of interest rate swaps for floating-rate borrowings exceeding a materiality threshold determined by the Board. Similarly, commodity price exposures beyond defined thresholds shall trigger a mandatory hedge evaluation. Any deviations from defined limits shall be reported to the Risk Management Committee with appropriate justification and remediation plans.

9. Hedge Accounting and Documentation

In accordance with applicable accounting standards, all hedge transactions shall be documented at inception and periodically assessed for effectiveness. The Company shall maintain detailed records of hedge objectives, strategies, exposure details, counterparty contracts, and effectiveness testing to support hedge accounting treatment. Treasury shall be responsible for maintaining audit-ready documentation and working closely with external auditors to ensure compliance with applicable disclosure norms.

10. Governance and Responsibilities

The overall governance of this Policy shall rest with the Board of Directors, which is responsible for final approval and periodic review, in line with Regulation 17 of SEBI LODR, 2015. The Risk Management Committee shall oversee the implementation, compliance, and effectiveness of the Policy as per Regulation 21 of SEBI LODR, 2015. The CFO and Treasury Department shall be responsible for the execution of hedging transactions, monitoring exposures, maintaining records, and reporting to management and the Board. The Internal Audit function shall periodically assess the adequacy of controls around hedging activities and report findings to the Audit Committee. The Company Secretary shall ensure that disclosures related to hedging and market risks are made in a timely and accurate manner in accordance with SEBI LODR, 2015.

The Audit Committee shall review the financial statements to ensure appropriate presentation of hedge accounting and risk disclosures.

11. Counterparty Risk and Legal Documentation

To manage counterparty risk, the Company shall enter into standardized legal agreements such as International Swaps and Derivatives Association Master Agreements or equivalent documentation with authorized counterparties. All derivative transactions shall be executed only with Board approved banks or financial institutions that meet the Company's credit risk criteria. All legal documentation shall be vetted to ensure compliance with RBI, FEMA, and SEBI regulations and safeguard the Company's legal position.

12. Monitoring and Reporting

In accordance with Schedule V of SEBI LODR, 2015 the Company shall ensure quarterly and annual disclosure of hedging activities, exposures, and mitigation strategies in its Management Discussion and Analysis. Internally, regular reports on open positions, hedge effectiveness, counterparty exposures, and policy compliance shall be submitted to the CFO and the Risk Management Committee. In the event of a material breach of hedging policy or a significant adverse market movement affecting the Company's financial position, immediate reporting shall be made to the Board and the Audit Committee.

13. Policy Breach and Exceptions

All exceptions to this Policy must be reported to the Risk Management Committee. Any material deviations shall also be disclosed in the Corporate Governance section of the Annual Report in accordance with SEBI LODR requirements. Exceptions shall be allowed only under extraordinary circumstances and must be supported by documentation and risk analysis.

14. Policy Review

This Policy shall be reviewed annually by the Risk Management Committee and updated as necessary in response to changes in the regulatory environment, including SEBI LODR, FEMA, RBI guidelines, and international accounting standards, or in the Company's business or risk profile. All amendments must be approved by the Board of Directors, and changes shall be documented and communicated to relevant stakeholders.

Authorized Signatory

For RICANS SOLAR ENERGY LIMITED

Sd/- 
Managing Director
Name: Mr. Samarth Agarwal
Designation: [Board Member]