Title	WAISL Risk Management Policy

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Sr. No.	Role	Read Only	Read & Modify	Read, Modify & Delete
1	Process Owner	No	No	Yes
2	Q & A	No	Yes	No
3	Personnel listed in the Target Group section	Yes	No	No

Version history

Version	Approved Date	Author	Reviewer	Approver for Change	Description
1.0	March 12th, 2024	Kanika Arora K. Ravishankar	Sailendu Panda	WAISL Board of Directors WAISL CEO, COO and HoDs	Initial approved version of Risk Management Policy

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1.0 INTRODUCTION

The manifestation of this policy documentation is to manage, implementation and review of various risk an organization might face. Organizations of all types and sizes face internal & external factors and influences that make it uncertain whether and when they will achieve their business objectives. The effect this uncertainty has on an organization's objectives is "RISK". In recent times, all sectors of the economy have shifted focus towards the management of risk as the key to making organizations successful in delivering their objectives while protecting the interests of their stakeholders.

Risk may be defined as events or conditions that may occur, and whose occurrence, if it does take place, has some impact (positive or negative) on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitute a risk. Organizations that are most effective and efficient in managing risks to both existing assets and to future growth will, in the long run, outperform those that are less so. Simply put, companies make money by taking intelligent risks and lose money by failing to manage risks intelligently.

Risk management is a holistic, integrated, structured, and disciplined approach to managing risks with the objective of maximizing shareholder value and minimizing company losses. It aligns strategy, processes, people & culture, technology, and governance with the purpose of evaluating and managing the uncertainties faced by the organization while creating value. With the vision to integrate risk management with the overall strategic and operational practices, a Risk Management Framework has been established by WAISL Limited (hereinafter referred as "WAISL") as a comprehensive set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization. Major objectives of having a Risk Management Policy ("RMP") is prevention of losses, preservation capital and continuation of business.

In the current dynamically changing business environment, WAISL, with its widely diversified business ventures, is exposed to a plethora of risks from strategic, regulatory, alliance, operational and financial perspectives. WAISL is committed to fostering an environment within the Company that enables proactive identification, management, monitoring and reporting of various risks that WAISL may need to deal with. WAISL wide Risk Management Framework would form the basis for ongoing management of risks in the organization.

2.0 REGULATORY FRAMEWORK

Section 134(3)(n) of the Companies Act, 2013 requires the Boards' Report to 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.

Section 177(4)(iii) of the Companies Act, 2013, states that 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.

As per the Code of Conduct for Independent Directors enumerated under Schedule IV, the Independent Directors shall 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. Furthermore, Independent Directors shall satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

In compliance with Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("hereinafter referred to as "LODR Regulations), High Value Debt Listed Entities are mandated to lay down procedures to inform the Board about the risk assessment and minimization procedures. The procedures need to be reviewed periodically to ensure that senior management of the Company controls risk through various means of a properly defined framework. As per the regulation, the board of directors shall constitute a Risk Management Committee with at least three members and majority of them shall be members of the board of directors, including at least one independent director and in case of a listed entity having outstanding equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors.

3.0 PURPOSE

The purpose of this Risk Management Policy:

- The policy forms part of WAISL's Internal control & Governance arrangements.
- The policy explains WAISL's approach to risk management, documents the roles & responsibilities of the concerned departments.
- It also outlines the key aspects of the Risk Management Process & identifies the reporting procedures.
- This policy shall operate in conjunction with other business and operating / administrative practices.
- The Investment decisions should be based on the principles of Liquidity, Safety and Sustainable long-term return through optimal use of resources, are followed.

Risk Management is based on the pillars of:

- Taking informed decisions considering the risks which potentially create value and maximize opportunities.
- Establish an effective process of risk identification, analysis and measurement and risks of lost opportunity.
- Ensuring risk mitigation

Thus, it is important to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within their relevant scope of responsibility and authority.

The Company's management is mandated to periodically assess risks in the internal and external environment and incorporate suitable risk treatment processes in its strategy, business and operating system. The Company is an established organization, therefore has in place built-in internal control systems for assessing the risk environment and then taking necessary steps to effectively mitigate the identified risks. The functional heads are reasonably aware to this aspect in their day-to-day functioning.

Policy Statement:

WAISL recognizes that it has a responsibility to manage risks effectively in order to control its assets and liabilities, protect its employees and community against potential losses, minimize uncertainty in achieving its goals and objectives and maximize the opportunities to achieve its vision.

WAISL is aware that some risks can never be eliminated fully, and it has in place a strategy that provides a structured, systematic, and focused approach to managing risk. Risk management is an integral part of WAISL's corporate governance arrangements and has been built into the management processes as part of the overall governance framework to deliver continuous improvement.

Objective of risk management:

Following are the objectives of the Risk Management:

a. Raising awareness of the need for risk management.
b. Minimizing loss, disruption, damage, or injury and reducing the overall cost of risk, which in turn shall maximize resources;
c. Creating informed policy and quick decision making by identifying likely risks and their impact.

The aforesaid objectives will be achieved by:

a. Establishing clear roles, responsibilities, and reporting lines within the council for risk management.
b. Effective communication with, and the active involvement of, Functional/Department Head, Service Managers and Heads of Service.
c. Monitoring arrangements shall be made on an on-going basis.

4.0 CONSTITUTION OF RISK MANAGEMENT COMMITTEE

A Committee titled "Risk Management Committee" (hereinafter referred as "RMC") for WAISL is constituted as follows:

S. No.	Name of the Member	Designation in the RMC
1.	Mr. Adi Seshavataram Cherukupalli, Independent Director	Chairperson
2	Mr. Davinder Kumar Chugh, Non-Executive Director	Member
3.	Mr. Arun Balakrishnan, Independent Director	Member
4.	Mr. Rishi Mehta, President & CEO	Member

The RMC shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks. Further any change in the composition of RMC shall require the amendment of this policy and same shall be communicated and captured accordingly.

The role and responsibilities of the RMC shall mandatorily include the performance of functions as specified by the Board of Directors as mentioned under SEBI LODR Regulations, 2015 and as amended from time to time.

5.0 MEETING AND QUORUM OF THE MEETING

I. The RMC shall meet at least twice in a year.

II. The quorum for a meeting of the RMC shall be either two members or one third of the members of the RMC, whichever is higher, including at least one member of the Board of directors in attendance.

III. The meetings of the RMC shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

IV. The Board of Directors may re-constitute the composition of the RMC, as it may deem fit, from time to time.

6.0 RISK STRATEGY

Risk management will protect and add value to the organization and its stakeholders through supporting the organization's objectives by improving decision-making, planning and prioritization by comprehensive and structured understanding of business activity, volatility and project opportunity/threat.

WAISL practices risk management as part of its detailed framework that carefully considers severity of present risks and enables future business activity to take place in a consistent and controlled manner. This framework helps in creating an environment in which risk management is consistently practiced across the company and where WAISL Management can take informed decisions to reduce the possibility of surprises.

WAISL will also be improving business performance, turning risk and compliance into opportunities, developing strategies, and enhancing value through benchmarking.

7.0 RISK APPETITE

Risk appetite is the amount of risk that WAISL is willing to pursue or retain in pursuit of its objectives. In other words, WAISL will take risks which do not result in the breach of its appetite. The risk appetite statements are articulated under three key parameters:

Financial parameters which provide the threshold in terms of:

- Impact on annual budgeted revenue
- Impact on annual budgeted profit
- Impact on project Internal Rate of Return (variation from cost of capital)
- Impact on project NPV (variation from projected cash flows)
- Impact on budgeted costs/ cost to completion of the project

Reputation parameters with respect to specific stakeholders

- Investors, analysts, lenders, and rating agencies Key customers
- Key vendors/ alliance partners Employees
- Media/ general public

Other qualitative parameters have been articulated that set out the appetite with regard to

- Environment, Health, and Safety
- Business disruption/ project delays
- Legal issues

- Position with the regulator.

Risk appetite shall form an integral part of the risk management framework to demonstrate common understanding of the same, and to consistently measure risks across WAISL.

8.0 RISK MANAGEMENT FRAMEWORK

In principle, risk always results as a consequence of routine activities or as a consequence of non- routine activities. Therefore, Risk Management and Risk Monitoring are important in recognizing and controlling risks.

WAISL will consider activities and its risk management with focus on the following key elements:

8.1 COMMUNICATION AND CONSULTATION

Communication and consultation are intended to facilitate regular exchanges of information, considering confidential aspects. Communication and consultation with external and internal stakeholders should take place during all stages of the risk management process. Effective external and internal communication and consultation is essential to ensure that personnel responsible for implementing the risk management process and stakeholders understand issues relating to risk, its causes, consequences, and the measures being taken to treat it. Plans for communication and consultation should be documented at an early stage in the process.

8.2 EXTERNAL AND INTERNAL CONTEXT

Risks may arise from factors that are external to the organization. Further, in an attempt to pursue objectives, the organization might make internal changes that could result in exposure to risks. An effective Risk Management process takes cognizance of both external and internal environment in which the organization operates. This entails understanding the external environment and internal objectives of the organization as relevant in order to ensure that risks identified are of the same nature.

CONSIDERATION OF EXTERNAL CONTEXT

The following are indicative factors that need to be considered/ understood from an external context perspective:

- New/changes in policies or regulations that may affect the business decisions at a competitive landscape and position taken by competitors.
- Supplier group, partners, alliances.
- Political scenario at the state and center in India as well as the scenario in the countries where WAISL has business interests.
- Economic condition in the states/ countries of operation.
- Social factors that may affect the decisions pertaining to a project.
- Technological changes applicable to each business.

External context in which the organization operates may be determined using the following techniques:

PORTER'S Five Forces - Five forces include threat of entry of new competitors, intensity of competitive rivalry, bargaining power of customers, bargaining power of suppliers and threat of substitute products or services. It is a framework for industry analysis and business strategy development. It draws upon Industrial Organization economics to derive five forces that determine the competitive intensity and therefore attractiveness of a market. Three of Porter's five forces refer to competition from external sources and the remainder are internal threats.

PESTLE Analysis - Political, Economic, Social, Technological, Legal and Environmental analysis. It is a part of the external analysis when conducting a strategic analysis or doing market research and gives an overview of the different macro environmental factors that the Company has to take into consideration. It is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations.

- **SWOT Analysis** - It is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective.

CONSIDERATION OF INTERNAL CONTEXT

The following need to be considered/understood from an internal context perspective:

- Strategy and objectives of the organization.
- Inherent strengths and weaknesses/ vulnerabilities of the Organization
- Organization structure and expected roles & responsibilities.
- Values & beliefs.
- Profile of people (qualification/ experience and its relevance to their role)
- Incentive mechanisms and how it is expected to drive behaviors
- Systems and processes
- Supervision and monitoring mechanisms

8.3 RISK MANAGEMENT PROCESS

Risk Management Process comprises of:

- Risk identification.
- Risk analysis and
- Risk evaluation.
- Risk Treatment
- Risk Monitoring and Review
- Risk Reporting

Risk management is intended to:

- Proactively identify risks considering the external and internal context.
- Provide the organization with an improved understanding of risks that can affect achievement of objectives and the possible business impact of manifestation of risks.
- Evaluate the design adequacy of existing response systems.
- Enable risk prioritization and further treatment.

Risk identification

Risk identification is the mechanism of identifying exposure to uncertainty across WAISL. This involves assessment of the external environment within which WAISL operates, as well as the internal context of the organization.

As part of risk identification, a comprehensive list of risks is generated based on events (historical and anticipated) which may prevent, degrade, accelerate, or delay the achievement of objectives. It shall also include risks associated with not identifying/ evaluating opportunities pursuant to the organization's strategic, project or business objectives, otherwise being pursued by competing organizations.

The risk causes, source, events, situations, or circumstances which could have a material impact on the objectives of the organization shall also be identified during this phase.

Risks once identified shall not be deleted. In case a risk becomes irrelevant, the status of the risk shall be updated to reflect the same.

Risk identification is an ongoing activity. It shall be performed by each employee during the course of his work and particularly at the time of any significant decision, initiation of new Bid/ Opportunity, during project planning and execution and periodically during the life of every operating asset. While the Risk Management department shall assist in risk identification, it is the responsibility of each functional head to identify risks.

Risk identification involves identifying potential sources/ root cause of risk events. The purpose of identifying potential root causes is to give direction to risk intervention measures. The fact that a single risk may have multiple root causes also needs to be considered. As a part of the risk identification process, it is also important to understand which of the business drivers are impacted by the materialization of a risk or any of its root causes.

TECHNIQUES OF RISK IDENTIFICATION

The following risk identification techniques can be deployed to enable focused risk identification:

- Checklists
- Preliminary hazard analysis
- Structured interview and brainstorming
- Root cause analysis (single loss analysis)
- Scenario analysis
- Business impact analysis

Risk Analysis

Risk analysis refers to the process followed to comprehend the nature of risk and determine the level of risk. Risk analysis is intended to provide inputs for risk evaluation.

Risk analysis shall be performed for each risk identified. The onus of risk analysis is with the risk identifier, who may choose to consult with the Risk Management Department for this purpose. Based on the results of the analysis, appropriate action shall be taken (risk escalation and risk treatment).

Risk Analysis involves consideration of:

- Time to manifest – How quickly is the risk likely to manifest.
- Likelihood of risk events
- Impact of risk

Risk Evaluation

Risk evaluation is the process to determine whether the risk and/ or its magnitude is acceptable or tolerable.

The intent of risk evaluation is to:

- Enable escalation to the appropriate level of Management.
- Prioritize treatment and implementation.

Risk evaluation ensures appropriate resource allocation for the purpose of risk treatment and Management attention towards risks of significant concern.

Risk evaluation will involve risk prioritization for each Department of the organization. Risk evaluation shall be done individually and collectively by the Functional Heads at various levels.

Risk Escalation

A critical element of Risk Management is an effective system of escalation which ensures that specific issues are promptly communicated to relevant authorities. In the context of the organization, escalation may stem from one or more of the following:

- Identification of new risks at Functional Level
- Change in impact / likelihood of identified risks causing a change in the risk evaluation.
- Unforeseen contingencies

In order to bring risks to the notice of appropriate levels of Management, it is to be noted that at each level of escalation, the risk shall be reassessed so that only the key risks are filtered upwards on a timely basis.

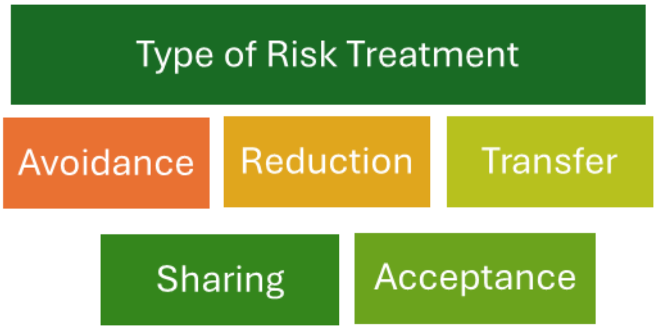
Risk Prioritization.

The ranking of risks in terms of net potential effect provides Management with some perspective of priorities. This should assist in the allocation of capital and resources in the business. Although the scales of quantification will produce an automated ranking of risks, Management may choose to raise the rank of certain risks for other reasons. The risks may be identified as high, medium, or low depending on the Financial, Operational, Legal, Regulatory or commercial impact on the organization. This may be justified because of non-financial influences such as media implications, social responsibilities, or regulatory pressures. The ranking of risks should be shaped by strategic and business objectives. These risks should be plotted on a matrix with axis of likelihood and impact. The prioritized risks must be compared with the risk appetite and all risks falling beyond the acceptable appetite must be shortlisted for risk treatment.

Risk Treatment

Risk Treatment involves selecting one or more options for managing risks and implementing such action plans. This phase of Risk Management process is intended to:

- Understand existing controls/ mitigation mechanisms in place for managing risks.
- Generate a new risk treatment plan.
- Assess the effectiveness of such treatment plans.



For the purpose of risk treatment, the risk owner shall consider various options (as indicated below) for risk treatment:

- Avoiding the risk by deciding not to start or continue with the activity giving rise to such risk.
- Taking or increasing the risk in order to pursue an opportunity.
- Removing the risk source
- Changing the likelihood or consequences of risk by instituting new control/ monitoring activities
- Sharing the risk with another party or parties (eg: insurance, back-to-back warranties etc.)
- Accepting & retaining the risk by informed decision
- Putting in place a mechanism to monitor the risk.

Risk treatment can be a choice from the above or a combination of multiple options.

The choice of an appropriate treatment option must consider balancing the costs and efforts of its implementation against the benefits derived.

Steps for risk treatment:

- Evaluate the strategic mitigations in place for key risks.
- Evaluate control requirements.
- Verify and evaluate the controls currently in place for key risks.
- Identify and evaluate the post event measures in place for risk.
- Review the financial risk protection measures in place to respond to the consequences of risk events.
- Take decisions on the acceptability of identified risks and controls.
- Document action plans for risk mitigation.

- Use the outputs of risk assessments for budgeting and capital allocation processes.

Risk Profiling

Individual risk profiles shall be prepared for the prioritized risks that shall serve as a descriptive record of each key risk. Details such as risk, risk owner, treatment plans, risk limits and monitoring plans shall be maintained in the risk profile. The Risk Management Function may assist in preparing risk profiles for each key risk. The risk profile shall be owned, regularly updated, and reported to their respective Functional Heads.

The chosen risk treatment option shall be supported by a detailed implementation plan clearly outlining:

- Activity plan clearly drafting the various steps to be performed.
- Intended outcome of the activity plan
- Resource requirements to achieve successful implementation.
- Accountability and responsibility for the activity plan
- Implementation time schedule
- Performance evaluation criteria to measure implementation status and the effectiveness of the treatment plan.

BID AND OPPORTUNITY RISK ASSESSMENT

The Organization is expected to pursue several new Bids/Opportunities at any given point as part of its Business Development and expansion activities. In order to enable robust growth, Senior Management shall take risk- informed decisions while choosing to pursue an opportunity or submit a bid. It is therefore essential to follow a rigorous process for evaluating bids for projects and look for options that maximize value and optimize risks at the inception stage of a project.

This section outlines the role of Risk Management Department and process to be followed as part of Bid and Opportunity risk assessment.

Purpose

The purpose of Bid and Opportunity risk assessment is to enable early cognizance of risk factors associated with the project being pursued. This is not intended to substitute any existing risk analysis or assessment which is undertaken by businesses as part of their bid evaluation process but is meant to act as an independent evaluation of bids.

Responsibility

The primary onus of identifying risks associated with the Bid/ Opportunity as well as treatment plans vests with their respective department/functional heads in each business. The Risk Management team shall assist in conducting an independent assessment of the risks associated with the Bid/Opportunity and present its analysis to the respective Functional Head/CEO/CFO as part of the approval process.

The Functional Heads/CEO/CFO who approves the bids shall ensure that the input of the Risk Management function is obtained for all Bid/Opportunities to facilitate risk assessment.

Process

Initiation: The process for Bid and Opportunity risk assessment shall commence when the Bid/ Opportunity has been identified by the Functional Heads within the Organization. Each Bid/ Opportunity pursued shall be duly notified by the Department/Functional Head to the Risk Management function representative on a periodic basis.

Information Gathering: The Risk Management Function representative shall request for and receive all information pertinent to the Bid/Opportunity being pursued. This information shall include, at minimum, the following:

- Background of the Opportunity

- Documents such as tender/request for quotations/pro-forma contracts/due diligence and consultant reports
- Financial and other models are prepared to assess viability including key assumptions used therein.
- A list of risks envisaged by each department/functional heads and treatment thereof.

Risk Assessment and Validation:

The Risk Management Department representative shall perform the following activities:

- Understand the context and requirements of the opportunity by scrutinizing the documents and conduct interviews with relevant department/functional head.
- Prepare a Bid/Opportunity risk register based on risks envisaged by which shall catalogue the risks across the various categories.
- Assess if Bid/Opportunity is evaluated based on multiple scenarios (e.g. base case, best case, worst case) while pricing.
- Evaluate the impact and likelihood of the residual risks vis-à-vis the measurement scale for qualitative parameters where possible.
- Discuss risk assessment performed to factor inputs from departments. In case of divergent views, the same may be escalated to the respective CEO & CFO.

Reporting: The Risk Management Function representative shall submit the risk register as part of the Bid/Opportunity dossier to ensure that the Management is cognizant of the risks in the Bid/Opportunity. The ultimate decision on go/no go or relating to the risk provision to be carried in the Bid/Opportunity price shall rest with the respective functional Heads.

Risk Monitoring and Review

Risk monitoring and review are critical components of the Risk Management Process. The intent of monitoring and reviewing risks and their respective treatment plans is to:

- Analyze and track events, changes, trends which affect identified risks. As a part of this, the impact of such changes on treatment plans is also assessed.
- Detecting changes and assessing the impact of changes to risk appetite, risk portfolio, risk treatment plans.
- Ensure that risk treatment mechanisms are effective in design and operation.

Risk Monitoring shall be conducted by each Department, on a Quarterly basis for identified risks in order to track the status of treatment plans and consequently update changes to risk profiles.

Risk reviews shall be conducted to enable continuity of the Risk Management Process. Risk reviews entail the re- assessment of all risks recorded in their respective risk registers along with new/ emerging risks to ensure concurrence and relevance of risks and their treatment. Risk reviews will be carried out on a periodic basis.

While the Functional Heads shall be responsible for the monitoring and review process. The Functional Heads shall ensure that results of the monitoring process depicted in the form of risk reports are reported internally and externally, as appropriate.

Risk Reporting

Risk Reporting is essential as it enables establishing an effective risk control and monitoring system. Pursuant to this, the Company shall maintain a Risk Register which contains comprehensive details of various risk areas and events concerning the company.

Risks for each department and overall organization shall be documented in individual risk registers. The ownership of these risk registers shall lie with their functional heads; however, the Risk Management function shall assist in creating and updating the registers.

Risk Documentation

The following documents are generated during the course of Risk Management exercise:

Document	Description	Owner	Timelines
Risk Register	Record/log of information about identified risks/future risks/risks mitigated/mitigation measures undertaken /external and internal factors affecting the organization.	Functional Heads	On a periodic basis
Risk Report	A report/ form of communication intended to inform particular stakeholders by providing information regarding the current state of key risks and its management.	Functional Heads	On a periodic basis
Risk Profile	Detailed description of a risk which is deemed priority to the respective department. It shall include current risk response, and details of management action plans for further treatment including responsibilities and timelines	Functional Heads	On a periodic basis

Document Management

The Risk Management Framework is owned by the Head of the Risk Management Department. Changes to the document need to be processed through the owner and require the consensus of the Senior Management for ratification.

The framework shall be reviewed annually to ensure that the intent of the same and its covenants are relevant to WAISL.

The Risk Management Department shall ensure that updates to the framework are communicated across the organization, and shall also be responsible for promoting risk awareness across the Organization. The Risk Management function may use tools, workshops, newsletters, formal training sessions, and undertake other initiatives as deemed required for this purpose.

Record retention

For the purpose of ensuring traceability of Risk Management activities, documentation shall be maintained in physical or electronic form and retained as defined by the WAISL's Corporate Record Retention Standards.

Records, both physical and electronic, at an organization level shall be maintained by the Risk Management function on behalf of the Senior Management.

However, those at the department levels shall be maintained by their respective Functional Heads.

8.4 SAMPLE RISK CATEGORIES

The scope of risk identification and assessment shall include various risks that may arise at any stage of the project, both pre-implementation, during execution as well as during operations. The risks to be assessed may include, but shall not be restricted to the following:

- Funding risk – financial closure and financial flexibility

- Completion risk – clearances/ gestation period/ land acquisition
- Risk due to alliances/ vendors/ partners.
- People/ resource related risks
- Environment, Health, and Safety risks
- Technology risk
- Construction risk including contractor's experience, contractor's creditworthiness, and safeguards in contracts.
- Regulatory risks
- Market risks – offtake risks, counterparty risks, pricing risks
- Operating efficiencies including operation and maintenance risk.
- External and environmental risks including the competitive environment and political environment.
- Financial risks such as:
  a) Debt service coverage
  b) Debt/ equity
  c) Internal Rate of Return (IRR)/ Net Present Value (NPV)
  d) Cash flows.
  e) Degree of exposure to interest rate risk/ currency risk/ commodity risk
  f) Revenue sensitivity
- Country Risk – especially relevant to overseas project
- Security Risk – Risks due to data leak, loss or theft or risk of cyber attack

Risks identified and assessed can arise from multiple categories. Some sample categories are provided below:

Risk Category	Definition
Accounting and financial reporting	Potential risk arising from improper accounting or financial reporting
Credit	Potential risk arising from counterparty default or internal credit downgrades
Ethics/ compliance	Potential risk arising from unethical employee actions or deviations from internal policies (e.g., Code of Conduct)
Human Resources	Potential risk arising from the Company's inability to attract, retain or properly train qualified individuals
Information Technology	Potential risk arising from the failure or inadequacy of information technology
Legal	Potential risk arising from legal action, contractual breaches or adverse statutory modifications
Market	Potential risk arising from adverse market movements or liquidity constraints Market risk sources: • Financing cost fluctuations – resulting in elevated funding costs or reduced investment returns or credit rating downgrades • Commodity price fluctuations – resulting in any given calendar year cash flow mismatch between authorized revenue requirements and cash collections

Risk Category	Definition
	• Foreign exchange fluctuations – resulting in profit or loss on account of change in foreign exchange rates between time of incurrence of expense/ income and actual payment/ collection • Liquidity constraints – resulting in the Company's inability to meet short- term obligations. Liquidity constraints are generated from two primary sources: 1) an inability to sell assets (market liquidity risk) in a timely manner and 2) an inability to obtain adequate funding without incurring unacceptable losses (funding liquidity risk)
Operational	Potential risk arising from ineffective internal business processes and procedures, people, systems
Physical Asset	Unplanned and unbudgeted events impairing the Company's physical assets and affecting the ability to generate and deliver services to its customers
Regulatory	Potential risk arising from industry regulatory violations or adverse regulatory amendments/ rulings/ decisions
Reputation	Potential reduction to equity value or market share (revenue) arising from negative publicity
Environment, Health and Safety	Environment: Potential risk arising from detrimental environmental (air, land, water) events (e.g., spill, emissions) related to the Company's operations Health: Potential risk arising from exposures to hazardous substance that may have damaged or will damage the heath of exposed persons Safety: Potential risk arising from threats or inadequate safeguards to maintain both the well-being of the Company's human capital and the public's safety
Strategic	Potential risk arising from poor business decisions, improper service or offering, inadequate physical infrastructure support or limited business analysis
Tax	Potential risk resulting from improper tax application, non-compliance, or adverse tax rulings
Financial	Potential risk of cash flows generated not being adequate to meet financial obligations
Business Continuity	Potential risks arising from disruption to business due to natural/ manmade disasters, accidents, unavailability of supporting infrastructure or people
Business Development	Potential risks arising from inability to identify potential opportunities, create long term partnerships with suppliers, customers, or alliance partners

9.0 GOVERNANCE MECHANISM

The Roles and Responsibilities of the RMC shall, interalia, include the following:

1. To formulate a 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 RMC.
   b. Measures for risk mitigation including systems and processes for internal control of identified risks.
   c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the RMC.
7. A brief report shall be presented to RMC on a periodic basis for their consideration mentioning the following details:
   a) the number of meetings of the internal risk management department consisting of all functional heads of each department held during the period under review.
   b) Risk Documents viz. Risk Registers, Risk Reports and Risk Profile.

The above reports shall be presented by respective Functional Heads to ensure the efficiency and effectiveness in implementation of Risk Management Practices in the Company.

Board of Directors: The Board, through the RMC shall oversee the establishment and implementation of an adequate system of risk management across the company. The Board shall comprehensively review the effectiveness of the company’s risk management system, its assessment and minimization procedures on an annual basis.

Risk Management Committee: The RMC would review on annual basis the risk assessment & minimization procedures across the Company.

10.0 AMENDMENTS:

This Policy may be amended subject to the approval of “Risk Management Committee” and Board of Directors of the Company from time to time in line with the business requirement of the Company or whenever there is a change in external and internal dependencies and strategies or in compliance with the amendments made to the Act, LODR Regulations or any enactment of any other laws, rules, regulations made thereunder.