POLICY ON RISKMANAGEMENT

1. **Introduction**

Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risk management's objective is to assure uncertainty does not deflect the endeavor from the business goals.

2. **Policy Objective:**

The objective of this policy is to ensure that the Board along with its Audit Committee and its executive management collectively identify the risks impacting the Company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy.

3. **A. Brief risk factors for Manufacturing projects**

- Our business shall dependent on the availability/supply and cost of raw materials which we source from domestic suppliers. Any significant increase in the prices of these raw materials or decrease in the availability of the raw materials, could adversely affect our results of operations.
- Our business is subject to regulation by several authorities, which could have an adverse effect on our business and our results of operations.
- We are heavily dependent on our Promoters and the loss of their guidance and services may adversely affect our business or results of operations.
- Our business shall dependent on our production facilities and the loss of or shutdown of operations of the production facilities could adversely affect our business or results of operations.
- Change in Government of India's Economic Liberalization policies may hinder prices of our equity shares
- Change in Tax laws in India (i.e. central tax, service tax and income tax) may increase tax liabilities of the company inversely affecting PAT
- Slowdown in the Indian economy may inverse effect in our profit
- Any Natural calamities, terrorist attack on India may hinder our profit
- Change in economic regulations and laws may also effect the company adversely

B. Brief risk factors for Power projects

- Risk of property damage or liability stemming from errors during the building of new projects.
- Risk affecting the viability of the project developer, for example, risks related to key personnel, financial solidity and technical ability to execute on plans.
- Risk of environmental damage caused by the solar park including any liability following such damage.
- Risk of insufficient access to investment and operating capital.
- Risk of a cost increases for key input factors such as labor or modules, or rate decreases for electricity generated.
- Risk of unscheduled plant closure due to the lack of resources, equipment damages or component failures.
- Risk of components generating less electricity over time than expected.
- Risk of a change in policy that may affect the profitability of the project, for example changes in levels of tax credit or RPS targets. Also, this includes changes in policy as related to permitting and interconnection.
- Risk of changes in electricity generation due to lack of sunshine or snow covering solar panels for long periods of time.

- Risk that all or parts of the solar park will be subject to sabotage, terrorism or theft and thus generate less electricity than planned.

4. Risk Mitigation Strategy

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. The Company believes that the Risk cannot be eliminated. However, it can be

a. Assigned to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;

b. Reduced, by having good internal controls;

c. Avoided, by not entering into risky businesses;

d. Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;

e. Shared, by following a middle path between retaining and assigning risk.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities.

Business risk, inter-alia, further includes financial risk, political risk, legal risk, etc. For managing Risk more efficiently the company would need to identify the risks that it faces in trying to achieve the objectives of the Company. Once these risks are identified, the risk manager would need to evaluate these risks to see which may have critical impact on the Company and which may not have significant impact to deserve further attention.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

5. Risk Management Framework:

Objectives must exist before management can identify potential events affecting their achievement. It ensures that management has in place a process to set objectives and that the chosen objectives support and align with the Company's mission and are consistent with its risk appetite.

The Objectives of the Company can be classified into:

6. Strategic:

- ✓ Organizational Growth;
- ✓ Comprehensive range of Products;
- ✓ Sustenance and Growth of Strong relationships with suppliers/contractors/sub-contractors/regulatory authorities/customers/employees;
- ✓ Expanding our presence in existing markets and penetrating new geographic markets;
- ✓ Continuing to enhance our industry expertise;
- ✓ Enhance our capabilities through technology alliances and acquisitions.
- ✓ Enhance our business growth through research, innovation and creating new innovative products.

7. Operations:

- ✓ Consistent Revenue growth;
- ✓ Consistent profitability;
- ✓ Effective and timely execution of projects;
- ✓ Further develop Culture of Innovation;
- ✓ Effective and timely services/supplies to customers.

8. Compliance:

- ✓ Ensure stricter adherence to policies, procedures and laws/ rules/ regulations/ standards.

The Company considers activities at all levels of the organization, viz., Enterprise level; Division level; Business Unit level; Subsidiary and Joint Venture level are considered in the risk management framework. All these components are interrelated and drive the Enterprise Wide Risk Management with focus on three key elements, viz.

(1) Risk Assessment;
(2) Risk Management;
(3) Risk Monitoring

9. RISK ASSESSMENT

Risks are analysed, considering likelihood and impact, as a basis for determining how they should be managed. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks. To meet the stated objectives, effective strategies for exploiting opportunities are to be evolved and as a part of this, key risks are identified and plans for managing the same are laid out.

10. RISK MANAGEMENT AND RISK MONITORING

In the management of Risk the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in the following areas:

(i) Economic Environment and Market conditions;
(ii) Fluctuations in Foreign Exchange;
(iii) Political Environment;
(iv) Competition;
(v) Revenue Concentration;
(vi) Inflation and Cost Structure;
(vii) Technological Obsolescence;
(viii) Financial Reporting Risks;
(ix) Legal Risk;
(x) Compliance with Local Laws;
(xi) Project Management;
(xii) Environmental Risk Management;
(xiii) Human Resource Management.

11. Risk Mitigation Measures Adopted by the Company:

The Company has adopted the following measures to mitigate the risk arising out of Business Operation, Liquidity, Credit, Industry, Human Resource, Disaster, System, Legal, etc.

- The Company functions under a well-defined organization structure.
- Flow of information is well defined to avoid any conflict or communication gap between two or more Departments or Functions.

- Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads.
- Effective steps are being taken on a continuing basis taking various changing scenarios in the market.
- Proper financial planning is put in place with detailed Annual Business Plans discussed at appropriate levels within the organization.
- Annual and quarterly budgets are prepared and put up to management for detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc.
- Exposures to Foreign Exchange transactions are supported by LCs and Bank guarantees and steps to protect undue fluctuations in rates etc.
- Systems put in place for assessment of creditworthiness of contractors/sub-contractors/dealers/vendors/customers.
- Provision for bad and doubtful debts made to arrive at correct financial position of the Company.
- Appropriate recovery management and follow up.
- Required materials are procured from different sources at competitive prices.
- Company has proper recruitment policy for recruitment of personnel at various levels in the organization.
- Proper appraisal system for revision of compensation on a periodical basis has been evolved and followed regularly.
- The properties of the company are insured against natural risks, like fire, flood, earthquakes, etc. with periodical review of adequacy, rates and risks covered under professional advice.
- IT department maintains repairs and upgrades the systems on a continuous basis with personnel who are trained in software and hardware.
- Password protection is provided at different levels to ensure data integrity.
- Contracts are finalized as per the advice from legal professionals and Advocates.
- Insurance policies are audited to avoid any later disputes.
- Timely payment of insurance and full coverage of properties of the Company under insurance.
- Internal control systems for proper control on the operations of the Company and to detect any frauds.

12. Disclaimer Clause

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.