MANIKARAN POWER LIMITED

RISK MANAGEMENT POLICY

PREFACE:

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RISK MANAGEMENT POLICY

INTRODUCTION:

All activities undertaken by Manikaran Power Limited (MPL) carry an element of risk. The exposure to these risksis managed through the practice of Risk Management. In managing risk, it is the Company's practiceto take advantage of potential opportunities while managing potential adverse effects. Managing risk isthe responsibility of everyone in the Company.

This policy outlines the Company's risk management process and sets out the responsibilities of theBoard, the Audit Committee, the Risk Management Committee, the Managing Director, Senior Management and others withinthe Company in relation to risk management.

Requirement as per Companies Act, 2013:

a. **Responsibility of the Board:** As per Section 134(n) of the Act, The Board of Directors report must include a statement indicating development and implementation of a risk management policy for the Company including identification of elements of risk, if any, which in the opinion of the board may threaten the existence of the Company.

b. **Responsibility of the Audit Committee:** As per Section 177(4)(vii) of the Act, the Audit Committee shall act in accordance with the terms and reference specified in writing by the Board which shall, inter alia, include evaluation of internal financial controls and risk management systems.

c. **Responsibility of Independent Director:** As per Schedule IV(Part II-(4)) of the Act, Independent Directors should satisfy themselves that financial controls and the systems of risk management are robust and defensible.

OBJECTIVE:

The main objective of this policy is to insure business growth and to promote a pro-active approach in identifying, evaluating, reporting and managing risks. In order to achieve its objectives, MPL hereby formulates a policy that establishes a structured and disciplined approach towards Risk Management, including the development of Risk Register, in order to guide decisions on risk related issues. The specific objectives of the Risk Management Policy are:

1. To ensure systematic and uniform assessment of risks related with the business and its projects.
2. To assure business growth with financial stability.
3. To establish a framework for the company's risk management process and to ensure companywide implementation.
4. To ensure that all the current and future material risk exposures of the company are identified, assessed, mitigated, monitored and reported.
5. To enable compliance with appropriate regulations, wherever applicable, through the

adoption of best practices.

UNDERSTANDING RISK MANAGEMENT

Risks have been described in terms of combination of the consequences of an event occurring and itslikelihood of occurring.

Risk is the chance of something happening that will have an impact on objectives and riskmanagement can be described as the culture, processes and structures that are directed towards realising potential opportunities whilst managing an adverse effect.

MPL's risk management system is designed to identify the risks it faces and has measures in place to keep those risks to an acceptable minimum. The existence of risk presents both threats and opportunities to MPL.

Senior Management Personnel of the Company have been assigned responsibility for the identified risks in the Risk Register. MPL's riskassessment matrix is used as the benchmark in planning and implementing the risk managementmeasures. It takes into consideration the nature, scale and complexity of the business.

The risk management process consists of the following main elements:

Identify: identify a risk (threats or opportunities) and document the risks captured by the risk registerowner.

Assess: the primary goal is to document the net effect of all identified threats and opportunities, byassessing:

- Likelihood of threats and opportunities (risks);
- Impact of each risk;
- Proximity of threats; and
- Prioritization based on scales.

Plan: preparation of management responses to mitigate threats and maximise opportunities.

Implement: risk responses are actioned.

Monitor and review: monitor and review the performance of the risk management system andchanges to business initiatives.

Communicate: provide regular reports to management team / Audit and Risk Committee at agreed times.

RESPONSIBILITY:

Board: The Board of MPL, through Audit Committee, has responsibility to review and report that:

a. The Committee has, at least annually, reviewed the MPL's risk management frame work to satisfy itself that it continues to be sound and that MPL is operating with due regard to the risk appetite set by the Board, and effectively identifies all areas of potential risk;
b. Adequate policies and processes have been designed and implemented to manage identified risks;
c. A regular programme of audits is undertaken to test the adequacy of and compliance with prescribed policies;
d. Proper remedial action is undertaken to redress areas of weakness.

Chief Financial Officer (CFO) and Company Secretary (CS):

The CFO and CS have responsibility under this policy for:

- Monitoring compliance with this policy;
- Reporting to the Board on compliance with this policy;
- Developing, implementing and monitoring systems.
- Management of policies and procedures relevant to the business;
- Maintaining the Risk Register

Senior Management:

The Senior Management (as noted in the Risk Register) is responsible for ensuring on a daily basis that the relevant operational procedures and controls implemented to treat each risk area are adequate and effective. If a control or procedure is not adequate and effective in treating the risk, the risk owner should report this, with a recommendation for an alternative risk treatment, to the Chief Financial Officer/Company Secretary for escalation to the Managing Director and ultimately approval by the Board.

General Responsibilities:

Every employee of MPL is responsible for effective management of risk including the identification ofpotential risks. Management is responsible for the development of risk mitigation plans and theimplementation of risk reduction strategies. Risk management processes should be integrated withother planning processes and management activities.

Where there is legislation in place for the management of specific risks (such as Occupational Healthand Safety) this Risk Management policy does not relieve MPL of its responsibility to comply with thatlegislation.

Functional Heads are accountable for strategic risk management within areas under their control, includingthe promotion and training of the risk management process to employee.

RISK MANAGEMENT PROCESS

The risk management system is dynamic and is designed to adapt to MPL's developments and anychanges in the risk profile over time. Compliance measures are used as a tool to

address identifiedrisks.

The risk management system is based on a structured and systemic process which takes into account MPL's internal and external risks.

The main elements of the risk management process are as follows:

- **Communicate and consult –** communicate and consult with internal and external stakeholdersas appropriate at each stage of the risk management process and concerning the process as awhole.
- **Identify risks –** identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of MPL's objectives.
- **Record risks –** document the risks that have been identified in the risk register.
- **Analyse risks –** identify and evaluate existing controls. Determine consequences and likelihoodand hence the level of risk by analysing the range of potential consequences and how these couldoccur.
- **Evaluate risks –** compare estimated levels of risk against the pre-established criteria andconsider the balance between potential benefits and adverse outcomes. This enables decisionsto be made about the extent and nature of treatments required and about priorities.
- **Treat risks –** develop and implement specific cost-effective strategies and action plans forincreasing potential benefits and reducing potential costs.
- **Monitor and review –** it is necessary to monitor the effectiveness of all steps of the riskmanagement process. This is important for continuous improvement. Risks and effectiveness oftreatment measures need to be monitored so that changing circumstances do not alter priorities.

MPL's risks may come from any internal or external event which, if it occurs, may affect the ability to efficiently and effectively operate:

Internal risks – those risks that specifically relate to MPL's business itself and as such asgenerally within its control. They include risks such as employee related risks, including conduct related risks, strategic risks, and financial risks.

External risks – those risks that are outside the control of MPL. They include risks such asmarket conditions, digital disruption, cyber-security, privacy and data breaches, sustainability, climate change and legislative change.

METHODOLOGY OF MANAGING RISK

Identification of new and emerging risks/review of existing risks

While the Company will be monitoring, evaluating and responding to risks. Only significant risks (or those that could become significant) need to be reported to the Audit Committee and Board.

Significant risks include those risks that have a high likelihood or significant impact (i.e. having risk exposure 15 or more) or where there is limited ability for mitigation by the

Company. These risks are identified and assessed based on the Company's expertise, judgment and knowledge.

Risks with high risk score or exposure rating will be identified and summarized in Consolidated RiskRegister.

CFO and CS will place Consolidated Risk Register to the Audit Committee and RiskManagement Committee. However, CFO and CS can present all the identified risk to theAudit Committee as per the need.

Process of risk reporting

The Risk Identification Form (RIF) will be used to highlight emerging risks or add newrisks to the risk register throughout the year. On an ongoing basis, when a new or emerging risk is identified, Functional Heads of respective department will notify to CFO/CS by submitting the RIF.

A copy of RIF should also be mailed to designated mail ids of CS and CFO for discussion and inclusion inthe Risk Registers. After submission of RIF, the form will be assigned a unique number which will becommunicated back to the Functional Heads via acknowledgement of receipt.

RIF will be reviewed by concerned Functional Head for evaluation. Post approval of RIF by Functional Head, itis sent to CS/CFO for including it in the risk register.

After review of the RIF and in consultation with Functional Heads, CFO/CS will determine whetherthe risk contained in this report warrants inclusion in the risk register.

Risk included in risk register in the quarter will be reported to Audit Committee and Risk Management Committee in theirrespective meetings.

Risk reporting of adverse event

All adverse events and near misses must be recorded in Event Recording Register.

The adverse event reporting form (Risk alert Form) should be completed as soon as possible after the event, within one working day, unless there are exceptional reasons for delay, for example the event was identified retrospectively following a complaint or claim. All adverse events, as may be decided as significant by CFO and CS in consultation with Functional Heads, should be reported, even if some time has passed since the event occurred. The final decision of an adverse event to be reportable or not lies with the CFO and CS.

It is imperative that person(s) reporting the adverse event reports the fact. There is no place for any opinion or assumptions. It is important that details are accurate and factual for any future review.

Functional Heads will present the adverse event reporting form to the CFO/CS

immediately.

INTERNAL AUDIT

The Audit Committee is responsible for approving the appointment of the internal auditor andapproving the annual internal audit plan.

The CFO in addition to their general and specific responsibilities be responsible for the cooperation necessary to assist the Internal Auditor in carrying out internal audit.

Internal Audit function is independent of the external auditor and to ensure its independence, hasdirect access to the CEO and audit committee.

Any deviations from the Company's policies identified through internal audits are reported toresponsible management for action and to the Audit Committee for information or further action.

BOARDS RESPONSIBILITY STATEMENT

Board of Directors shall include a statement indicating development and implementation of risk management policy for the Company including identification therein of elements of risk, if any, which inthe opinion of the Board may threaten the existence of the Company.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluatethe risk management system of the Company, so that the Management controls the risks through riskmanagement framework.

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) shall provide quarterly astatement to the Board in writing, that the Company's financial reports present a true and fair view, in allmaterial aspects, of the Company's financial condition and operational results and are in accordance withrelevant accounting standards; and that this statement is established on a sound system of riskmanagement and internal compliance and control which implements the policies adopted by the Board.

The Company has a control processes in place to help ensure that the information presented to seniormanagement and the Board is both accurate and timely. The control processes include, among otherthings:

- Annual audit and interim review by the Company's statutory auditor;
- Planned review by internal auditors reviewing the effectiveness of internal processes, proceduresand controls;
- Monthly review of financial performance compared to budget and forecast.

AMENDMENTS

The Company reserves its rights to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. Any such amendment, whenever made,

shall be informed to the Directors and employee of the Company.