



RISK MANAGEMENT POLICY

1. Objective

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy ("Risk Management Policy") establishes a structured and disciplined approach to Risk Management, including the development of the Risk Register, in order to guide decisions on risk evaluating & mitigation related issues. The Risk Management Policy is in compliance with the Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Companies Act, 2013, which requires the Company to lay down procedures about risk assessment and risk minimization.

2. Applicability

This policy applies to every part of Websol Energy System Limited ("**Company**") business and functions.

3. Definitions

"Company" means Websol Energy System Limited.

"Risk" means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.

"Risk Management" means it is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

"Risk Assessment" means the overall process of risk analysis and evaluation.

"Risk Register" means a tool for recording the risks identified under various operations.

4. Risk Management

Principles of Risk Management

- i. The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses
- ii. All concerned process owners of the company shall be responsible for identifying & mitigating key risks in their respective domain.
- iii. The occurrence of risk, progress of mitigation plan and its status will be monitored on periodic basis.

5. Risk Management Procedures

5.1. General

Risk management process includes four activities: Risk Identification, Risk Assessment, Risk Mitigation and Monitoring & Reporting.

5.2. Risk Identification

The purpose of risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives. All risks identified are documented in the form of a Risk Register. Risk Register incorporates risk description, Category, Classification, mitigation plan, responsible function / dept.

5.3. Risk Assessment

Assessment involves quantification of the impact of risks to determine potential severity and probability of occurrence. Each identified risk is assessed on two factors which determine the risk exposure:

A. Impact if the event occurs

B. Likelihood of event occurrence

Risk Categories: It is necessary that risks are assessed after taking into account the existing controls, so as to ascertain the current level of risk. Based on the above assessments, each of the Risks can be categorized as – Low, Medium and High.

5.4. Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

All identified risks should be mitigated using any of the following Risk mitigation plan:

a) Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

b) Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging / Insurance.

c) Risk Reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.

d) Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater than the total losses sustained. All risks that are not avoided or transferred are retained by default.

6. Duties & Responsibilities

The day to day oversight and management of the company's risk management program has been conferred upon the Audit Committee. The Audit Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board on the effectiveness of the risk management program in identifying and addressing material business risks.

Further, the Committee is responsible for:

- a) managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- b) setting up internal processes and systems to control the implementation of action plans;
- c) regularly monitoring and evaluating the performance of management in managing risk;
- d) providing management and employees with the necessary tools and resources to identify and manage risks;
- e) regularly reviewing and updating the current list of material business risks;
- f) regularly reporting to the Board on the status of material business risks; and
- g) ensuring compliance with regulatory requirements and best practices with respect to risk management.
- h) specifically covering cyber security.]

7. Review and Amendment

This policy shall evolve by review from time to time as may be necessary to ensure it meets the requirements of legislation and the needs of organization. This Policy will be communicated to all vertical/functional heads and other concerned persons of the Company.

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

This Policy shall be posted on the website of the Company i.e. Websol Energy System Limited.