

# **Risk Management Policy**

The management of India Power Corporation Limited believes that a pro-active approach in reporting, evaluating and resolving risks associated with the business is the key to sustained operations thereby protecting Shareholders' value, improving governance process and achieving strategic objectives. The principal objective of the policy is being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities.

In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, including formulation of a Risk Management Committee of the Board of Directors, in order to guide decisions on risk related issues.

## **Committee responsibilities and authority**

The risk management committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.

The Risk Management Committee shall ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

The Risk Management Committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).

The Risk Management Committee may form and delegate authority to subcommittees when appropriate.

The Risk Management Committee shall report to the Board.

The Risk Management Committee shall review and reassess the adequacy of the Risk Management Policy annually and recommend any proposed changes to the Board for approval.

The Risk Management Committee shall have access to any internal information necessary to fulfil its oversight role. The

risk management committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

India Power shall ensure implementation of effective Enterprise Risk Management by:

1. Putting in place Risk Management Framework and Processes
2. Identifying risks and promoting a pro-active approach to treating such risks
3. Allocating adequate resources to mitigate and manage risks and minimise their adverse impact on the business
4. Optimising risk situations to manage adverse exposure and ensure that they are within acceptable risk appetite of the company
5. Providing clear and strong basis for informed decision making at all levels of the organisation
6. Strengthening the risk management system through continuous learning and development
7. Complying with all relevant laws and regulations across its areas of operation
8. Communicating the policy to the required stake holders and periodically reviewing its relevance in a continuously changing business environment.

The processes of developing Business Continuity and Disaster Management Plans for unforeseen exigencies are outside the scope of this policy and shall be dealt with separately by the company.