Orient Green
Power Company
Limited

RISK MANAGEMENT POLICY

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PREAMBLE

The Board of Directors has adopted the Risk Management Policy and procedures with regard to Risk Management in accordance with the Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and Sec. 134(3)(n) of the Companies Act, 2013. This document lays down the framework for Risk Management at Orient Green Power Company Limited (hereinafter referred to as the 'Company') and defines the policy for the same. It seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

The Board of Directors shall constitute a Risk Management committee, define roles and responsibilities, and may delegate activities including monitoring and reviewing risk management plans of the company.

OBJECTIVE

OGPL, we believe that an effective Risk management process is the key to sustained operations thereby protecting Shareholder value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities. OGPL shall ensure implementation of effective Enterprise Risk Management by:

1. Putting in place Risk Management Frameworks 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 minimize their adverse impact on outcomes.
4. Optimizing risk situations to manage adverse exposure on deliverables and bring them in line with acceptable Risk Appetite of the company.
5. Striving towards strengthening the Risk Management System through continuous learning and improvement.
6. Providing clear and strong basis for informed decision making at all levels of the organisation on an ongoing basis, having duly evaluated like risks and their mitigation plan being controllable and within risk appetite.
7. Delineating Business Continuity Processes and Disaster Management Plans, for unforeseen exigencies and keeping the organisation constituents, prepared to deal with such circumstances appropriately and adequately, under eventuality of such happenings.
8. Complying with all relevant laws and regulations across its areas of operation.
9. Communicating this policy to the required stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment.

The Board of Directors of the Company and the Audit Committee of Directors shall periodically review the Risk Management Policy of the Company so that the management controls the risk through properly defined framework.

Resources

OGPL through its Finance, Operational and Human resource divisions monitor the significant risks associated in the business processes and take necessary actions/ update the management proactively for taking necessary mitigative measures.

Risk Appetite

The exposure of the company to risks should be maintained at a level acceptable to the board of directors, on behalf of the shareholders, that is reviewed and determined at appropriate intervals by the board of directors. Depending on availability and cost effectiveness, risk may be transferred or retained as appropriate.

Responsibilities and Ownership

Every staff member of the organization is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

Significant Risks/Concerns

Sl. No.	Risk factor (Wind Business)	Risk Mitigation
1	Transmission, evacuation constraints and grid back down	a) Collaborate with industry association to have a joint stand and action since this is a common risk across the entire industry. b) Legal recourse to be considered for honoring of the Must Run status for wind industry, preferably in a joint manner with other industry players or through the industry association. c) Constant and regular dialogue with the state distribution utility for ensuring that the Must Run status is not violated by the utility along with other collaborative measures to improve wind energy evacuation in a seamless manner during the season. d) If despite all efforts, the evacuation constraints are likely to persist beyond next three years, company to evaluate the possibility of shifting the machines to a more viable location. e) Company not to consider further expansion activities in the locations where evacuation constraints are prevalent. Such available locations to be evaluated based on strict wind energy assessment studies which give past data on

		generation and potential for future years.
2	Issues with Machine Availability	a) Company conducts comprehensive survey and finalizes the suppliers for installation of wind mills and Maintenance contracts. b) Operations and Maintenance contracts were entered into with a clause to ensure desired machine availability during on season and off season. Agreements entered provides for the contractor to compensate the shortfall in generation. c) In addition, insurance policies were entered to make good the losses suffered due to machine break downs.
3	Payment delays and defaults by customers	a) Under captive business model- The Company conduct customer due diligence and screening process while before entering into agreement to supply power. For existing customers, delays if any be monitored actively and such customers be replaced with sound customers at the earliest possible. b) Under long term PPA with Discoms, considering the longevity and customers being state owned undertakings, regular follow ups and appropriate legal recourses available be sought to save the interests of the company.
4	Risk related to lack of compliance of Renewable Purchase	a) Dialogue / liaison with Ministry for New and Renewable Energy for stricter enforcement of RPO obligation. b) Engage with MNRE / Banks for soft financing of outstanding REC receivables.

	Obligation (RPO) by obligated entities	A balance in the generating capacity is maintained between REC and Non-REC tariff structures to reduce the exposure to this risk to a reasonable level.
5.	Discontinuance / suspension of Operation and Maintenance activities by the O&M service contractors could pose significant risk in proper running and upkeep of the wind mills	a) Company to explore alternate sources of such skills and services from other third party service providers with the requisite expertise and experience a) Company to impart training and skills to existing in house O&M personnel on the specific windmills so that operations can be continued seamlessly.
6.	Regulatory developments amendments revising tariff/imposing such restrictions that question the viability of project	a) Company to take proactive steps to pre-empt adverse regulatory changes through realigning the business policies, sale model, etc. in order to mitigate the impact. b) Company to go for legal recourse including filing petitions with APTEL, ERCs, High Court, etc. if t e regulatory change adversely impacts the business and the company does not have any other alternative to mitigate the impact.

Other Risks and approach to mitigate

1. Quality Risk

Wind Energy Segment – Getting optimum wind speed at different wind mill sites is a must to result into optimum wind energy generation. Maintaining maximum wind mill machine availability at different locations especially during the monsoons is another big challenge to get optimum generation results.

Risk Mitigation

Wind Energy Segment – Entering into long term engineering and servicing contracts with reputed engineers/contractors takes away a lot of risk factors in giving optimum wind energy generation.

2. Financial Reporting Risks

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, Securities and Exchange Board of India (SEBI) rules, and Indian stock Exchange listing regulations have been rapidly evolving. These new or changed laws, regulations and standards may lack specificity at times and are subject to varying interpretations. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such corporate governance standards. The Company is committed to maintaining high standards of corporate governance and public disclosure and its efforts to comply with evolving laws, regulations and standards in this regard would further help address these issues. This includes continuous training to its personnel handling the financial reporting functions so that they keep abreast of the latest laws and changes and amendments and take steps for full compliance with the existent laws and guidelines. The Company's preparation of financial statements in conformity with Indian GAAP and in accordance with the Accounting Standards issued by ICAI, requires it to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Company's financial statements and the reported amounts of revenue and expenses during the reporting period. The Company's Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances including consultation with experts in the field, scrutiny of published data for the particular sector or sphere, comparative study of other available corporate data, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. These may carry inherent reporting risks.

Risk Mitigation

Considering the complexities involved in the reporting, there might be chances of non-compliance to financial reporting. To mitigate the same, competent experts were appointed at internal and external auditors to avoid such non compliance. Further, expert opinions are engaged during significant developments to guide the management.

To mitigate the risk further, company and its management are adequately insured against fines/penalties resulting out of such non-compliance, if any.

3. Risk of Corporate Accounting Fraud:

Accounting fraud or corporate accounting fraud are business scandals arising out of misusing or misappropriation of funds, overstating revenues, understating expenses etc.

Risk Mitigation

The Company mitigates this risk by -

- Understanding the applicable laws and regulations;
- Conducting risk assessments;
- Enforcing and monitoring code of conduct for key executives;
- Instituting Whistleblower mechanisms;
- Deploying a strategy and process for implementing the new controls;
- Adhering to internal control practices that prevent collusion and concentration of authority;
- Employing mechanisms for multiple authorisations of key transactions with cross checks;
- Scrutinising of management information data to pinpoint dissimilarity of comparative figures and ratios;
- Creating a favourable atmosphere for internal auditors in reporting and highlighting any instances of even minor non-adherence to procedures and manuals and a host of other steps throughout the organisation and assign responsibility for leaving the overall effort to a senior individual like Chief Financial Officer

4. **Business Operations Risks:**

These risks relate broadly to the Company's organisation and management, such as planning, monitoring and reporting systems in the day to day management process namely:

- Organisation and management risks
- Production, process and productivity risks
- Business interruption risks
- Profitability

Risk Mitigation

- 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;
- Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads;
- Proper policies are followed in relation to maintenance of inventories of raw materials, consumables, key spares and tools to ensure their availability for planned production programmes;
- Effective steps are being taken to reduce cost of production on a continuing basis taking various changing scenarios in the market.
- On the job training to all personnel across the organisation is provided in order to

enable them to keep abreast of the changes and to suitably alter the processes and systems in order to create a more robust internal control system and reporting mechanisms.

5. **Liquidity Risks**

- Financial solvency and liquidity risks
- Borrowing limits
- Increase in borrowing costs
- Cash management risks

Risk Mitigation

- Proper financial planning is put in place with detailed Annual Business Plans discussed at appropriate levels within the organisation.
- 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.
- These budgets with Variance Analysis are prepared to have better financial planning and study of factors giving rise to variances.
- Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilise cash in an effective manner.
- Prioritisation of payments is strictly followed in order to ensure that all statutory and other critical payments take precedence and the available cash resources are used in an optimal manner.
- Constant efforts are put in to comply with required financial and other covenants

agreed with all lenders in order to get the optimum level of interest cost from such lenders.

6. Human Resource Risks:

Labour turnover risks, involving replacement risks, training risks, skill risks, etc.

Risk Mitigation

- Proper recruitment policy for recruitment of personnel at various levels in the organization is adopted.
- Proper appraisal system for revision of compensation on a periodical basis has been evolved and followed regularly.
- Employees are trained at regular intervals to upgrade their skills.
- Activities relating to the welfare of employees are undertaken from time to time.
- Employees are encouraged to make suggestions and discuss any problems with their Superiors

7. Disaster Risks:

Natural risks like Fire, Floods, Earthquakes, etc.

Risk Mitigation

- 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.

- Fire extinguishers have been placed at fire sensitive locations.
- First aid training is given to watch and ward staff and safety personnel.
- Workmen of the Company are covered under ESI, EPF, etc., to serve the welfare of the workmen
- Insurance policies are audited to avoid any later disputes.
- Timely payment of insurance premium and full coverage of properties of the Company under insurance.

8. System Risks:

- System capability
- System reliability
- Data integrity risks
- Hacking and data theft
- Coordinating and interfacing risks

Risk Mitigation

- EDP 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.
- Licensed software is being used in the systems.
- The Company ensures "Data Security" by having access control/ restrictions.
- Periodical updation to the anti-virus and firewalls to safeguard the information.

9. Legal Risks:

These risks relate to the following:

- Contract Risks
- Contractual Liability
- Data integrity risks
- Frauds

Risk Mitigation

Following are the risk mitigation measures adopted by the Company to mitigate the risks relating to Legal aspects:

- A study of contracts with focus on contractual liabilities, deductions, penalties and interest conditions is undertaken on a regular basis.
- The Legal Department vets all legal and contractual documents with legal advice from Legal retainers for different branches of legislation.
- Contracts are finalized as per the advice from legal professionals and Advocates.
- Internal control systems for proper control on the operations of the Company and to detect any frauds.

CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the SEBI LODR, the Regulations shall prevail.

AMENDMENTS

The Board may, subject to applicable law, amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board and/ or administrative committee of the Board, in line with the broad intent of this Policy, as and when required.

DISCLAIMER

This policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

-Policy framed on 13th November 2014

-Ammended on 20th May 2022

-Reviewed on 01st November 2023