

AVAADA VENTURES PRIVATE LIMITED
(Formerly known as Avaada Power Private Limited)

RISK MANAGEMENT POLICY

1. Introduction

1.1 Risk Management Philosophy

Avaada Ventures Private Limited (AVPL/the Company) is engaged in the business infrastructure projects more particularly in renewable energy projects.

The Company has a vision to deliver superior value to stakeholders on a sustained basis.

The link between risk and reward has become more important for the Company, as the industry grapples with the challenges of growing and delivering profit after facing stiff competition from emerging players in the industry along with challenging financing and operating conditions.

The Company also operates in a challenging business landscape and given the current business reality requires a structured Risk Management ('RM') process that provides confidence to the stakeholders that the Company's risks are known and well managed and thus allow more time to the executive management to focus on company's growth, strategy and value creation.

The following risk management framework at the Company focuses on a simple and practical approach which;

- Allows a clear and concise view of risks;
- Protect resources that matter the most;
- Avoids blockage of scarce management time in redundant activities and
- Is embedded in the Company's culture.

The Company is well known for its values and high standards of corporate governance and this initiative further boosts its reputation in this regard.

This framework will continue to evolve and mature as experience is gained through implementation of risk management. It will be reviewed and amended on a regular basis to ensure its ongoing relevance and viability.

AVAADA VENTURES PRIVATE LIMITED
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Risk Management is everyone's responsibility and needs to form part of every decision making and monitoring process at the Company. In this regard, specific roles and responsibilities, tools, enablers and guidance have been developed and are available for reference.

1.2 Business Risk - Definition

A business risk ('risk') is the threat that an event or action will adversely affect the company's ability to maximize stakeholder value and to achieve its business objectives. Business risk arises as much from the possibility that opportunities will not be realized as it does from the possibility that threats will materialize or that errors will be made.

2. ERM Policy for the Company

Purpose

The Company is committed to establishing Enterprise Risk Management (ERM) framework to ensure the continued growth and success of the Company. The ERM framework assists all business/units of the Company in achieving the Company's objectives by bringing a systematic approach to evaluating and improving the effectiveness of risk management and control.

The Company's objectives in managing risk include:

- Integrating risk management into the culture and strategic decision-making of the Company;
- Anticipating and responding to changing conditions in business eco-system including social, environmental and legislative conditions;
- Managing risk in accordance with best practice and demonstrating due diligence in decision making;
- Regarding legal & statutory compliance as a minimum standard;
- Balancing the cost of managing risk with the anticipated benefits;
- Raising awareness of the need for risk management;
- Mitigate Interest rate risk and Foreign exchange fluctuations on account of high debt exposure;
- Systematic and uniform assessment of risks related with construction projects and operational solar power projects; and

AVAADA VENTURES PRIVATE LIMITED
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- Business growth with financial stability.

ERM is designed to identify potential events and trends that may significantly affect the Company's ability to achieve its strategic goals or maintain its operations either positively or negatively. These are defined as risks. Through the ERM process, identified risks are assessed against the Company's level of risk tolerance, to provide reasonable assurance regarding the achievement of the Company's objectives.

Definitions

Enterprise Risk Management	A rigorous process applied across the Company for assessing and addressing risks from all sources that threaten the achievement of the Company's strategic objectives.
Risk	Chance of an event or trend, either positive or negative that will have a significant impact on operations and/or the fulfillment of the Company's objectives.
Risk Register	Official recording of the known risks facing the Company.
Risk Treatment	Process of selection and implementation of measures used to modify the risk or opportunity within the Company's risk tolerance (i.e. accept, mitigate, transfer, avoid).
Risk Management Policy	Statement of the overall intentions and direction of an organization related to Risk Management.
Risk Strategy	Organization's readiness towards dealing with various risks associated with the business. It describes the organization's risk appetite or tolerance levels and decision to transfer, reduce or retain the risks associated with the business.

Policy Statement

The Company will identify and manage its enterprise risks in support of its vision, mission, goals and aims as set out in the strategic plan and its operations. The Company cannot seek to eliminate risk; rather it will ensure that existing and emerging risks are identified and managed within acceptable risk tolerances.

The management of risk is a shared responsibility at all levels of the Company. The Risk Manager oversees the ERM Framework facilitating and coordinating the process of identifying, reviewing and ranking risks; assigning, tracking and

AVAADA VENTURES PRIVATE LIMITED
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monitoring of risks; and, reporting status to the Company's Management and Board of Directors or audit committee as applicable.

The Company's guiding principles in managing risk are that:

- The Board of Directors and Company Management have responsibility for overseeing risk management within the Company;
- The Board of Directors and Company Management adopt an open and receptive approach to solving risk problems;
- The Company Management support, advise on and implement policies approved by the Board of Directors;
- The Company makes prudent recognition and disclosure of the implications of risks and opportunities;
- Directors and Department heads are responsible for encouraging good risk management practices within their units and managing the risk within their areas of responsibility; and
- Key risks will be identified and monitored on a regular basis.
- The risk mitigation measures adopted by the organization shall be effective in the long-term and to the extent possible be embedded in the business processes of the organization.

Roles and Responsibilities

General:

All staff members of the Company are responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk management processes and the implementation of risk reduction strategies.

Directors and Department heads:

- Directors and Department heads are accountable for:
- Implementation of this policy within their respective areas of responsibility, incorporating risk management into their processes and activities;
- Actively participating with the risk assessment process; and,
- Reporting on the status of items in the risk register as required when it impacts their respective responsibilities as part of either the annual planning or review cycle.

AVAADA VENTURES PRIVATE LIMITED
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Company Management:

The Company Management is accountable for strategic risk management within areas under their control including the delegation of the risk management process to Directors and Department Heads. Collectively, the senior management team is responsible for:

- The formal identification of strategic risks that impact the Company's goals;
- Determination of priorities;
- Development of strategic risk management plans;
- Monitoring progress in managing risk; and
- Progress review of the strategic risk management plan.

Board of Directors/ Audit Committee:

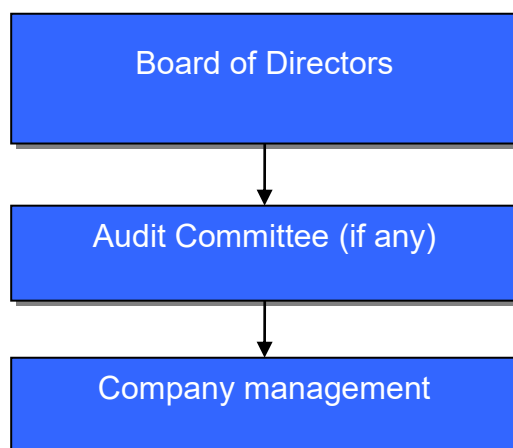
Boards of Directors/Audit Committee of the Company is responsible for risk management as per the defined terms of reference.

3. Risk Management Framework

The Company's risk management framework consists of the following components.

- Risk management structure
- Risk management process

3.1. Risk Management Structure



AVAADA VENTURES PRIVATE LIMITED
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3.2. Risk Management Process

The risk management process consists of 3 steps:

- Risk identification
- Risk mitigation
- Risk monitoring

Risks are identified at 3 levels for the Company as below:

1. Risks at the Company level include financial and operational risks.
2. Risks emanating out of SPVs undertaking pre-operation viz. business development, land acquisition and construction activities.
3. Risks emanating from SPVs that are undertaking operation and maintenance of plants.

Subsequent to identification of the risks, mitigation plans for each risk are prepared and their implementation is monitored at a regular frequency.

4. Control and amendment of Policy

This document is controlled so that the information contained herein and available to others for use is uniform across the organization.

Any amendment relating to the Policy are properly documented and authorised prior to implementation.