



मध्यांचल विद्युत वितरण निगम लिमिटेड
निदेशक मण्डल के विचारार्थ प्रस्ताव

Nature of Agenda:- For Approval

Subject : To adopt and implement Risk Management Policy.

Proposal:-

It is to apprise the Board members that pursuant to section 134(3)(n) of Companies Act, 2013 read with revised Corporate Governance Guidelines issued by the Ministry of Power, the Company shall lay down procedures about risk assessment and its minimization and the Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan of the Company.

It is further apprise that, a Draft Risk Management Policy (**Annexure-A**) has been framed which attempts to identify the key events/risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

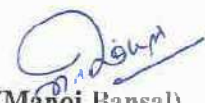
As per the above provisions, the members are requested to pass the following resolution with or without modification(s), for adoption & recommendation of the Risk Management Policy.

Resolution:-

“RESOLVED THAT pursuant to the provisions of section 134(3)(n) of the Companies Act, 2013 read with revised Corporate Governance Guidelines issued by the Ministry of Power (including any modification and re-enactment thereof and other applicable provisions or rules, if any), the consent of the Board of Directors be and is hereby accorded to adopt the Risk Management Policy as placed before it and recommended by the Audit Committee of the Company.”


(Abha Sethi Tandon)
Company Secretary


(Harish Bansal)
Director (Technical)


(Manoj Bansal)
Director (Finance)


(Yogesh Kumar)
Director (Commercial)


(Riya Kejriwal)
Managing Director

Risk Management Policy

(Pursuant to SEBI (LODR) Regulations, 2015 read with the Companies Act, 2013 and applicable DPE Guidelines)



**MADHYANCHAL VIDYUT VITRAN NIGAM
LIMITED**

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INTRODUCTION

Madhyanchal Vidyut Vitran Nigam Ltd. is a company incorporated under the Companies Act, 1956, having its registered office at 4-A, Gokhle Marg, Lucknow, and is engaged in the business of electricity distribution within its designated area of supply. The area of supply includes the following districts in the State of Uttar Pradesh: Budaun, Bareilly, Pilibhit, Shahjahanpur, Lakhimpur, Hardoi, Sitapur, Unnao, Bahraich, Shrawasti, Balrampur, Gonda, Barabanki, Rae Bareilly, Ayodhya, Sultanpur, Ambedkarnagar, Lucknow, and Amethi.

MVVNL began functioning as an independent distribution company in May 2003.

BRIEF HISTORY

As part of a reform and restructuring initiative, the erstwhile UPSEB was unbundled under the first Reforms Transfer Scheme dated 14th January 2000 into three separate entities:

- **Uttar Pradesh Power Corporation Limited (UPPCL)** – vested with the function of transmission and distribution within the state.
- **Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVNL)** – vested with the function of thermal power generation within the state.
- **Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL)** – vested with the function of hydro power generation within the state.

Through another Transfer Scheme dated 15th January 2000, the assets, liabilities, and personnel of the Kanpur Electricity Supply Authority (KESA) under UPSEB were transferred to Kanpur Electricity Supply Company (KESCO), a company registered under the Companies Act, 1956.

The need for further unbundling of UPPCL (which was responsible for both transmission and distribution) along functional lines was realized after the enactment of the Electricity Act, 2003. Consequently, four new distribution companies ("Discoms") were created under the Uttar Pradesh Transfer of Distribution Undertaking Scheme, 2003:

- **Dakshinanchal Vidyut Vitran Nigam Limited** (Agra Discom)
- **Madhyanchal Vidyut Vitran Nigam Limited** (Lucknow Discom)
- **Pashchimanchal Vidyut Vitran Nigam Limited** (Meerut Discom)
- **Purvanchal Vidyut Vitran Nigam Limited** (Varanasi Discom)

These Discoms were established to undertake electricity distribution and supply in their respective zones as specified in the scheme.

MISSION / VISION STATEMENT OF THE COMPANY

MVVNL aims to be a professionally managed organization that supplies reliable and cost-efficient electricity to every citizen in its jurisdiction through a highly motivated workforce and state-of-the-art technology, while ensuring economic returns to its stakeholders and maintaining industry leadership.

We shall achieve this by being a dynamic, reliable, and trustworthy organization, sensitive to customer interests, profitable and sustainable in the long run, providing uninterrupted quality power supply with transparency and integrity in operations.

TO OUR CONSUMERS

- High productivity that is reflected in a fair, equitable, and cost-based tariff across consumer categories.
- Accurate and timely billing based on actual consumption and a rational, comprehensive billing format.
- A convenient system for payment of dues.
- Simple and well-advertised procedures.
- Guaranteed connection of requested load within a reasonable timeframe.
- Prompt breakdown response and efficient complaint handling.
- Timely action based on future planning and clear communication on consumer issues.

TO OUR SHAREHOLDERS

- Secure and well-managed assets.
- Corporate governance in line with the recommendations of Kumaramangalam Birla Committee.
- Organic business growth through diversification.
- Stakeholder satisfaction.

TO OUR EMPLOYEES

- Opportunities for career growth and development.
- A sense of pride and belonging within the organization.
- Clearly defined service conditions and full compliance with labor laws.
- Accountability and responsibility, including performance incentives based on fair and transparent assessments.
- Compensation in line with industry standards.
- Increased job security linked to the organization's success.

TO THE REGULATOR

- Equitable satisfaction of all stakeholders.
- Ensuring long-term sector stability.
- Full compliance with regulations and guidelines issued by the regulator, including:
 - License conditions.
 - Accurate and timely information submission.
 - Techno-economic feasibility of investments.
 - Effective consumer grievance redressal systems.

TO OUR FINANCIAL INSTITUTIONS

- Sustained growth and profitability.
- Sound economic appraisal of projects.
- Security of loans and timely debt servicing.
- Timely publication of audited financial statements.
- Adoption of sound accounting and financial practices in compliance with the law.

TO THE STATE GOVERNMENT

- Implementation of reforms through legislation and government policies and directives to the extent plausible.
- Proper application of public funds and subsidies to the intended categories of consumers.
- Compliance with the rule of law and electrical safety regulations.

In return, the government is expected to assist by maintaining law and order and supporting revenue realization.

TO OUR SUPPLIERS

- Transparent and efficient tendering procedures.
- Timely placement of orders and settlement in line with commercial agreements.

TO OTHER UTILITIES

- Reliable and secure system operations in compliance with the Grid Code.
- Use of 0.2 class metering and timely meter reading.
- Integration of information systems for quick and accurate data exchange.
- Timely settlements and adherence to commercial agreements.
- Compliance with merit-order dispatch and grid security procedures.

TO THE PUBLIC

- Clear and effective communication of policies and procedures.
- Reliable supply to essential public services.
- Enforcement of safety, environmental, and social norms.
- Minimization of inconvenience caused by disruptions.

STRATEGIC OUTLOOK

MVVNL aims to be a diversified utility with a core function of providing quality, uninterrupted power. We strive for commercial viability, investment in techno-economic ventures, and high consumer service standards, including on-demand new connections and prompt complaint redressal.

Diversification initiatives shall include:

- Optic fiber-based services.
- Technical consultancy.
- Manufacturing and repairs.
- A global investment portfolio.

We are committed to satisfying all stakeholders, including regulatory authorities.

GLOBAL COMMITMENT AND MEASUREMENT

MVVNL aims to become a global industry leader through collaborative utility engagement, financially viable business units, and technological leadership. Our target is to double our turnover every five years while:

- Operating independently.
- Upholding safety and environmental standards.
- Maintaining a cost-of-supply-based tariff.
- Ensuring a corruption-free, transparent working environment.
- Complying with all statutory requirements.

We will safeguard the environment, preserve our asset base, and build strong public trust.

PERFORMANCE INDICATORS

Parameter	Target
Reliability of Supply	99.50%

Parameter	Target
Technical Losses	10%
Commercial Losses	2%
Collection Efficiency	97%
Billing Efficiency	100%
Employee Cost	25 paise/unit

SUPPLY QUALITY STANDARDS

- Voltage variation within $\pm 2\%$
- Frequency variation within ± 0.5 Hz
- Fault repair within 1-2 hours
- 100% complaint redressal
- New connections provided on demand

NEED FOR Policy

In today's dynamic business environment, the risk landscape is evolving rapidly. It is imperative for MVVNL to adopt a structured risk management approach to effectively address risks that may hinder the achievement of strategic and operational goals.

Enterprise Risk Management helps in:

- Identifying and prioritizing events and risks.
- Responding proactively to threats to projects, initiatives, and daily operations.
- Enabling informed decision-making at all organizational levels.

Furthermore, regulatory guidelines (DPE, SEBI, Companies Act 2013) mandate a robust ERM framework that must be periodically reviewed.

MVVNL's **Risk Management Policy** is a formal affirmation of its commitment to manage risks constructively—not by eliminating them, but by maximizing opportunities and minimizing adverse impacts. The policy aims to support better decision-making and enhance the likelihood of achieving long-term objectives.

RISK MANAGEMENT POLICY STATEMENT

MVVNL recognizes that it is exposed to a number of uncertainties, which is inherent for the power sector that it operates in. The volatility of the power

sector affects the financial and non-financial results of the business. To increase confidence in the achievement of organization's objectives, MVVNL has developed Risk Management Policy to remain a competitive and sustainable organization and enhance its operational effectiveness. The policy statement is as given below:

1. To ensure protection of shareholder value through the establishment of an integrated Risk Management Framework for identifying, assessing, mitigating, monitoring, evaluating and reporting of all risks.
2. To provide clear and strong basis for informed decision making at all levels of the organization.
3. To continually strive towards strengthening the Risk Management System through continuous learning and improvement and to achieve the objectives of this policy through proper implementation and monitoring.
4. To ensure that new emerging risks are identified and managed effectively.
5. To put in place systems for effective implementation for achievement of policy objectives through systematic monitoring and effecting course corrections from time to time.

SCOPE AND EXTENT OF APPLICATION:

The policy guidelines are devised in the context of the future growth objectives, business profile envisaged and new business endeavours and the emerging global standards and best practices amongst comparable organizations.

OBJECTIVES & PURPOSE OF THE POLICY:

In line with the Company's objective towards increasing stakeholder value, a Risk Management Policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

The specific objectives of the Risk Management Policy are:

- To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated and managed.

- To establish a framework for risk management process.
- To ensure systematic and uniform assessment of risks related with construction and operations of power projects.
- To assure business growth with financial stability.
- To identify the threats to the achievement of business objectives.
- To regularly review the risk landscape as a result of business activities and of the business and economic climate in which the Company is operating.
- To regularly review exposure to all forms of risk and reduce it as far as reasonably practicable or achievable.
- To identify and regularly measure key risk indicators and take appropriate action to reduce the risk exposure.
- To regularly review the key risk controls to ensure that they remain relevant, robust and effective.
- To control and manage risk by appropriate risk reduction and mitigation actions.

To achieve these objectives, MGVNL shall adhere to the following core principles:

- i. **Effective Accountability:** The Board has the overall responsibility to ensure effective risk management process within the company.
- ii. **Team's commitment:** Every function/ department/ project site/ office in the organization shall work in coordination to ensure effective implementation of this enterprise risk management policy.
- iii. **Proactive Leadership:** Risk identification (including identification of the risk of lost opportunities), risk assessment and risk monitoring are ongoing activities and shall form an integral part of the company's operations, management and decision making process.
- iv. **Risk Culture:** Informed and consistent risk related decisions shall be taken, non-compliant behaviours shall not be tolerated and risk management shall be dealt professionally.

- v. **Transparency and Compliance:** The risk management activities along with the most significant risks shall be reported and the material failures in mitigation measures shall be escalated through reporting line to the relevant levels of organization structure.

REGULATORY FRAMEWORK

Risk Management Policy is framed in accordance with the provisions of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015"), to the extent applicable.

Framework under the Companies Act, 2013

- As per Section 134 (3)(n) of the Act, the Board's 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.
- As per Section 177 (4)(vii) of the Act, the Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include evaluation of internal financial controls and risk management systems.
- As per Schedule IV [Part II-(4)] of the Act, Independent Directors should satisfy themselves on the integrity of financial information and those financial controls and the systems of risk management are robust and defensible.

Framework under the SEBI (LODR) Regulations, 2015

- As per regulation 17(9), the listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures and the Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the Company.
- As per regulation 21, the board of directors shall constitute a Risk Management Committee having the minimum three members with majority of them being members of the board of directors, including at least one independent director. Also, the Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.

- Further in accordance with the regulation 21, the risk management committee shall meet at least twice in a year; the quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance and the meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.
- Also, the Board of Directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit, such function shall specifically cover cyber security.

Provided that the role and responsibilities of the Risk Management Committee shall mandatorily include the performance of functions specified in Part D of Schedule II.

- And, the Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- As per Schedule II Part C of SEBI (LODR) Regulations, 2015, the role of the Audit Committee includes evaluation of internal financial controls and risk management systems.

DEFINITIONS:

Risk:

Risks are events or conditions that may occur, and whose occurrence has a harmful or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.

Risk Management:

Risk Management is the process of identifying, quantifying, and managing risks and opportunities that can affect achievement of Company's strategic and financial goals.

Risk Strategy:

The Risk Strategy defines the company's standpoint towards dealing with various risks associated with the business. It includes the company's decision on the risk tolerance levels and acceptance, avoidance or transfer of risk(s).

Risk Tolerance/ Risk Appetite:

Risk tolerance or Risk appetite indicates the maximum quantum of risk which the company is willing to take as determined from time to time in accordance with the Risk Strategy of the company.

Risk Description:

A Risk Description is a comprehensive collection of information about a particular risk recorded in a structured manner.

Risk Register:

A 'Risk Register' is a tool for recording the risks encountered at various locations and levels in a standardized format of Risk Description.

RISK MANAGEMENT POLICY:

In order to fulfill the objectives of this policy and lay a strong foundation for the development of an integrated risk management framework, the policy outlines the following guiding principles of Risk Management:-

- i. All business decisions will be made with the prior information and acceptance of risk involved.
- ii. All employees of the company shall be made aware of risks in their respective domains and their mitigation measures.
- iii. The risk mitigation measures adopted by the company shall be effective in short/ long-term.
- iv. The occurrence, progress and status of all risks will be promptly reported and appropriate actions be taken thereof.

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 establishes a structured and disciplined approach to Risk

Management, in order to guide decisions on risk related issues. Risk Management framework shall primarily focus on following elements:

- A. Risk to Company Assets and Property** -It is ensured that there is proper security and maintenance of assets and adequate coverage of insurance to facilitate protection against potential losses and ensure business continuity
- B. Replacement of assets with minimal disruption to operations.**
- C. Employees Related Risks** -Employees constitute the most important assets of the Company. The Human Resources Policies have been evolved over the years with the object of mitigating employee related risks including reducing attrition rate. Adequate legal safeguards have been provided to protect confidential information, and protect the Company from any probable contractual liability on account of misconduct/errors/omissions of employees.
- D. Risks associated with Non-Compliance of Statutory enactments** - The Company is required to ensure compliance of provisions of various applicable statutory enactments. The Company ensures that qualified professionals are employed to comply with various applicable laws.
- E. Competition Risks** -Risk of competition is inherent to all business activities. The Company is engaged in Purchase and sale of electrical energy and to Plan, investigate and set up generating stations, there is always an inherent risk of uncertain productivity of resources.
- F. Cyber Security-** Risk to Power Supply resulting from cyber security infusion attempts.
- G. Digitalisation-** The dynamic business landscape is being driven through Digitalisation in this highly competitive era. Digitalisation is enabling faster decision making, reducing cost through automation & rendering long term competitive advantage.

RISK MANAGEMENT APPROACH

Risk management is a continuous process that is accomplished throughout the life cycle of an organization. It is an organized methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and

implementing appropriate risk mitigations; and tracking the implementation to ensure successful risk reduction.

Effective risk management depends on risk management planning; early identification & analyses of risks; early implementation of corrective actions; continuous monitoring & reassessment; communication, documentation, and coordination.

Our risk management approach is composed of following components:

- Risk Governance
- Risk Identification
- Risk Categorization
- Risk Estimation
- Risk Assessment and Control
- Risk Description
- Risk Strategy (Mitigation)
- Risk Monitoring
- Risk Review

Risk Governance:

The functional heads of the Company are responsible for managing risk on various Parameters and ensure implementation of appropriate risk mitigation measures.

The Risk Management Committee provides oversight and reviews the risk management policy from time to time.

Risk Identification:

External and internal risk factors that must be managed are identified in the context of business objectives.

Risk identification sets out to identify an organization's exposure to uncertainty. This requires an in-depth knowledge of the organization, the market in which it operates, the economic, legal, regulatory, social, political, technological and cultural environment in which it exists, as well as the development of a sound

understanding of its strategic and operational objectives, including factors critical to its success and the threats and opportunities related to the achievement of these objectives.

Risk identification shall be approached in a methodical way to ensure that all significant activities within the organization have been identified and all the risks flowing from these activities defined.

The following methodologies can be used to identify risks:

- Brainstorming
- Surveys /Interviews/Working groups
- Experiential or Documented Knowledge
- Risk Lists - Lessons Learned
- Historical risk event information

Risk Categorization:

The risks are classified broadly into the following categories:

- a) **Strategic Risk:** include the range of external events and trends (like Government policy, competition, court rulings, Regulatory Commission or a change in stakeholder requirements) that can adversely impact the company's strategic growth trajectory and destroy shareholder value.
- b) **Business Risk:** include the risks associated specifically with the company and having an adverse impact on the company's capability to execute activities critical for business growth, thereby affecting its near-term performance, e.g. occurrence of a risk event delaying the timely completion of any particular activity or stoppage of plant operations leading to the deferment of revenues expected from the project.
- c) **Operational Risk:** are those risks which are associated with operation uncertainties like unpredictable changes in water levels, force majeure events like floods affecting operations, internal risks like attrition, etc.
- d) **Cyber Security Risk:** To secure all computers, servers, networks and data from cyber-attacks and technological accidents so that there is robust IT system in place.

- e) **Environmental, Social and Governance (ESG) Risk:** includes efforts to identify uncertainty and surprises by assessing and prioritizing risk to environment, risk to health of public at large and safety risk to the work force as well as citizens of the locality.
- f) **Financial Risk:** involves avoiding all possibilities of losing money, be price fluctuations, delays in recoveries, cost over runs, bad investment decisions and financial frauds.

Risk Estimation:

The consequences of the risk occurrences have to be quantified to the maximum extent possible, using quantitative, semi-quantitative or qualitative techniques. Process of risk quantification has to be qualitative, supported by quantitative impact analysis. To apply this approach, the chain of adverse consequences which may occur in case the identified risk materializes, should be enlisted.

For each of the chains of adverse consequences, the cost impact needs to be calculated and attributed to the particular risk. In such an exercise, actual cost impacts (like claims by contractor, loss of equipment value, etc.) as well as opportunity costs (like loss in realization of revenue, delay in commission of project etc.) must be captured to arrive at the total cost impact of materialization of the risk.

Risk Assessment and Control:

This comprises the following:

- Risk assessment and reporting
- Risk control
- Capability development

Risk Description

Risk description helps in understanding the nature and quantum of risk and its likely impact and possible mitigation measures. Risk descriptions for each of the risks identified are to be documented and recorded in a structured format in each area where the risk is identified.

The format to be as under:

Risk Description

1	Name of Risk	Short description by which the risk may be referred to.
2	Scope of Risk	Qualitative description of the events by which the occurrence of the risk may be identified, any measurement indicating the size, type, number of the events and their related dependencies.
3	Nature of Risk	Strategic/Business/Operational/Financial/ESG/Cyber Security.
4	Stakeholders	List of stakeholders affected and impact on their expectations.
5	Quantification of Risk	Cost of impact, if risk materializes.
6	Risk Tolerance and Trigger	• Loss potential and Financial impact of risk on the business • Value at Risk • Desired level of performance to assimilate Risk Trigger.
7	Risk Treatment and Control Mechanisms	Primary means by which the risk is currently being managed/levels of confidence in existing control system. Identification of protocols for monitoring, and review of the process of treatment & control.
8	Potential Action for Improvement	Recommendations to reduce the occurrence and/or quantum of adverse impact of the risk.
9	Strategy and Policy Developments	Identification of function responsible for developing the strategy and policy for monitoring control and mitigation of the risk.

Risk Strategy (Mitigation)

The following key strategies shall be used for the implementation of the Risk Strategy:

- 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 the risk may allow.

- b) **Risk Transfer:** Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging or insurance.
- c) **Risk Reduction:** Employing methods/ solutions that reduce the severity of the loss.
- d) **Risk Retention:** All risks that are not avoided or transferred are retained by default.

This includes risks that are so large or catastrophic that they either cannot be insured or the premiums would be infeasible.

Risk Monitoring:

Everyone in the company is responsible for the effective management of risk. All staff is responsible for identifying potential risks. Management is responsible for developing risk mitigation plans and implementing of risk reduction strategies.

- As the risk exposure of any business may undergo change from time to time due to continuously changing environment, the updation of the Risk Mitigation Plans to be done on a regular basis.
- The policy is the guiding document for risk management and to be reviewed as and when required due to the changes in the risk management regulations/standards/best practices as appropriate.

Risk review

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of organization.

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed and that appropriate controls and responses are in place. Regular audits of policy and standards compliance shall be carried out and standards performance reviewed to identify opportunities for improvement.

It shall be remembered that organization is dynamic and operate in dynamic environment. Changes in the organization and the environment in which it operates must be identified and appropriate modifications made to risk management practices.

The monitoring process shall provide assurance that there are appropriate controls in place for the organization's activities and that the procedures are properly understood and followed. Any monitoring and review process shall also determine whether:

- The measures adopted resulted in what was intended.
- The procedures adopted and information gathered for undertaking the assessment was appropriate.
- The acceptability of each identified risk and their mitigation plan shall be assessed and risks shall then be ranked to identify key risks for the organization.
- Proposed actions to eliminate, reduce or manage each material risk shall be considered and agreed.
- Responsibilities for the mitigation measures for key risks management of each risk shall be assigned to appropriate department/power station/project site heads. The head of departments/head of projects shall review progress on the actions agreed to mitigate the risk and make an assessment of the current level of risk including:
- Establishing whether actions have been completed or are on target for completion.
- Report the status of implementation of mitigation plans to the Risk Management Committee.

RISK GOVERNANCE STRUCTURE

A well-defined risk governance structure serves to communicate the approach of risk management throughout the organization by establishing clear allocation of roles and responsibilities for the management of risks on a day to day basis. In order to develop and implement an Enterprise Risk Management framework, MVVNL constituted a Risk Management Committee.

Risk Management Committee Members with the help of various Authorized Representatives shall identify the key risks and report them to the Risk Management Committee which shall ensure that risk management activities are

undertaken as per this policy. The main objective of the Risk Management Committee shall be to provide an enterprise wide view of key risks within the organization.

The Company's risk management framework is governed by the Board of Directors ("BOD"), the Audit Committee ("AC") and the Risk Management Committee ("RMC").

RISK MANAGEMENT COMMITTEE

Constitution of Risk Management Committee:

Sr.No.	Details of Ex. officio Members of the Committee	Category	Designation of Committee Members
1.	Managing Director	Managing Director	Chairperson
2.	Director (Finance)	Executive Director	Member
3.	Director (Technical)	Executive Director	Member
4.	Company Secretary	Company Secretary	Company Secretary

The Risk Management Committee has the key role of aligning the strategic objectives with the organization's operations in order to achieve intended outcomes.

Role and Responsibilities of the Risk Management Committee:

- As per Schedule II Part D of SEBI (LODR) Regulations, 2015, the role of the committee shall, inter alia, include the following:
 1. To formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
3. To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas.
4. To develop and implement a risk management framework and internal control system.
5. To have special investigations into areas of corporate risk and break-downs in internal control.
6. To report the trends on the Company's risk profile, reports on specific risks and the status of the risk management process.
7. To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
8. To ensure that the risk awareness culture is pervasive throughout the organization.
9. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
10. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
11. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
12. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

RISK REPORTING STRUCTURE

The following risk reporting structure shall be followed by the organization:

First Line of Reporting:-

- The department/project site/power station heads shall identify the key risks of their respective departments.

- The department/project site/power station heads shall ensure the implementation of risk mitigation plan within their respective departments/power stations/ project sites.
- The department/project site/power station heads shall send the report on status of risks and mitigation measures taken on quarterly basis to the Risk Management Committee.

Second Line of Reporting:-

- The Risk Management Committee shall apprise the Board on the key risks faced by the organization and the mitigation measures taken.
- The Risk Management Committee shall also apprise the Board for decision on any new/emerging risks faced by the organization in case of exigencies/emergent conditions.
- The Risk Management Committee will present the relevant findings to the Board of Directors for approvals/actions.

OPERATION OF RISK MANAGEMENT POLICY

Approval of the Policy

The Board shall be the approving authority for the company's overall Risk Management Policy. The Board shall, therefore, monitor the compliance and approve the Risk Management Policy and any amendments thereto from time to time.

Maintenance of Risk Register

Centralized Risk register with their mitigation plan shall be maintained by Risk Management Committee (Secretary) and shall be reviewed and updated as per the policy guidelines.

- Manual reporting would be undertaken by each business unit which will be upgraded to tool based reporting post enterprise risk management implementation.

AMENDMENT

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.