MAKS GROUP

MAKS ENERGY SOLU/TIONS INDIA LIMITED

RISK MANAGEMENT POLICY

BACKGROUND

Section 134(3)(n) of the Companies Act, 2013 requires a statement to be included in the report of the board of directors ("**Board**") of **MAKS ENERGY SOLUTIONS INDIA PRIVATE LIMITED** (the "**Company**"), indicating development and implementation of a risk management policy for the Company, including identification therein of elements of risk, if any, which, in the opinion of the Board, may threaten the existence of the Company.

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organisation continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

EFFECTIVE RISK MANAGEMENT REQUIRES:

- A strategic focus,
- Forward thinking and active approach towards its management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realised.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

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OBJECTIVE AND PURPOSE

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 this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the Company's risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

APPLICABILITY

This Policy applies to all areas of the Company's operations.

POLICY

Our risk management approach is composed primarily of three components:

- Risk Governance
- Risk Identification
- Risk Assessment and control

The functional heads of the Company are responsible for managing risk on various parameters and ensure implementation of appropriate risk mitigation measures. The Board provides oversight and reviews the risk management policy from time to time.

RISK IDENTIFICATION AND IMPACT ASSESSMENT:

External and internal risk factors that must be managed are identified in the context of business objectives and involves assessment of impact of such risks.

RISK EVALUATION AND CONTROL:

This comprises the following:

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- Risk evaluation and reporting
- Risk control
- Capability development

On a periodic basis external risk and internal risk factors are evaluated by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and Board meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management. Examples of certain of these identified risks are as follows:

- Broad market trends and other factors beyond the Company's control significantly reducing demand for its services and harming its business, financial condition and results of operations
- Failure in implementing its current and future strategic plans
- Significant and rapid technological change
- Damage to its reputation
- Its products losing market appeal and the Company not being able to expand into new product lines or attracting new types of investors
- Its risk management methods and insurance policies not being effective or adequate
- Fluctuations in trading activities
- Changes in interest rates
- Changes in government policies
- Security risks and cyber-attacks
- Insufficient systems capacity and system failures
- Fluctuations in Foreign Exchange.
- Project Execution
- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources
- Quality Assurance
- Environmental Management
- Human Resource Management
- Culture and values

REVIEW OF RISK MANAGEMENT

The Board of the Company reviews risk management across the Company. The terms of reference of the Risk Management by the Board are as follows:

- review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
- review of operational risks;
- review of financial and reporting risks;

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- review of compliance risks;

- review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value;

- review the extent to which management has established effective enterprise risk management at the Company;

- inquiring about existing risk management processes and review the effectiveness of those processes in identifying, assessing and managing the Company's most significant enterprise-wide risk exposures;

- review the Company's portfolio of risk and consider it against it's risk appetite by reviewing integration of strategy and operational initiatives with enterprise-wide risk exposures to ensure risk exposures are consistent with overall appetite for risk; and

- review periodically key risk indicators and management response thereto.

RISK REPORTING AND DISCLOSURES

Generally, every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks and our functional heads are responsible for reporting the risks factors to the management.

RISK MITIGATING AND MONITORING

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 and shall be constantly monitored by the management.

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MONITORING/REVIEW

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

AMENDMENT

This Policy will be reviewed and amended as and when required by the Board of directors of the Company.

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For Maks Energy Solutions India Ltd.

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Authorised Signatory/Director

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