RISK MANAGEMENT POLICY[1]

[1] Amended by the Board of Directors on November 05, 2026.

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RISK MANAGEMENT POLICY (RMP)

Introduction

Welspun Enterprises Limited ("Company" or "WEL") is committed to managing risk to achieve its business objectives and protect shareholder value. The purpose of this Policy is to institutionalize a formal risk management function and framework in WEL.

Scope

This Policy (along with the charter of the RMC) is applicable to all WEL's processes or functions, including its subsidiaries/JVs/SPVs, acquired entities, and will operate in conjunction with other business and administrative policies.

Legal Framework

This Policy is drafted pursuant to Section 134 of the Companies Act, 2013, and relevant regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Objectives

The primary objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach in identifying, reporting, evaluating, and mitigating major risks associated with the business. To achieve key business objectives, the policy establishes a structured and disciplined approach torisk management, including the development of risk register, to guide decisions on risk-related issues.

Features of WEL's RMP

The policy focuses on risks impacting the Company's profitability, cash flows, growth, reputation, safety, environmental standards, and compliance. It identifies project-specific and enterprise-wide risks, assesses their impact on business objectives, and categorizes them as Low, Medium, or High.

While all the risks will be identified, the initial focus is on evaluating and mitigating High-level risks in the first phase.

Composition of Risk Management Committee

As per Listing Regulations, the Risk Management Committee shall have minimum three members with majority of them being members of the Board, including at least one Independent Directors.

The Current Composition of the RMC is as follows:-

Sr. No.	Name of Members	Type of Director	Chairman/ Member
1.	Mr. Raghav Chandra	Independent Director	Chairman
2.	Dr. Anoop Kumar Mittal	Independent Director	Member
3.	Mr. S Madhavan	Independent Director	Member
4.	Mr. Sandeep Garg	Managing Director	Member
5.	Mr. Deepak Chauhan[2]	Director- Legal & Ethics	Member

[2] Appointed with effect from August 06, 2025.

Roles & Responsibility

Board of Director	Senior Management	Internal Auditor
• Implement and monitor the risk management plan • Constitute a Risk Management Committee (RMC) • Define the roles and responsibilities of the RMC • Delegate monitoring and reviewing the ERM framework to the RMC • To perform roles and responsibilities as specified as in Part D of Schedule II of Listing Regulations (annexed as Annexure-I)	• Identify & assess risks within their areas of responsibility • Implement risk mitigation strategies and internal controls • Report on risk management activities to RMC • Communicate RMP to all employees & stakeholders • Provide training to the stakeholders & ensure they understand their roles and responsibilities in managing risks & foster a risk-aware culture within the organization	• Provide independent assurance on the effectiveness of the risk management framework • Conduct regular audits to identify and assess risks • Report audit findings to the Audit Committee / RMC

Risk Organization Structure

1. Board of Directors will provide oversight and set the risk appetite and tolerance levels.
2. Risk Management Committee will report to the Board of Directors of the Company. It will review and approve risk management policy, framework, procedures and monitor the effectiveness of risk management activities across the organization and escalate significant risks to the Board or executive leadership for decision-making.
3. A senior officer from MD's Office shall lead the collation and updating of the risk registers and shall develop and implement risk management strategies and policies and provide regular updates and report(s) on risk exposures and mitigation efforts to the RMC.

Note: Risks with a Post-Response Risk Score greater than or equal to 10 will be taken to the RMC/Board level for discussion.

Risk Management Approach

1) **Identify and assess risks**: Recognize the potential current and future material risks that could impact the Company's operations and objectives.

2) **Evaluate & Mitigate risks**: Develop strategies to manage and mitigate identified risks. Evaluate outcomesof mitigation plans and to look for the scope of its applicability in other areas in order to achieve overall objective.

3) **Monitor and report**: Continuously monitor risks in terms of its severity & priority and report on the effectiveness of risk management strategies to the Risk Management Committee / Board.

4) **Ensure compliance**: Comply with legal, regulatory, internal, statutory and project requirements.

5) **Enhance decision-making**: Support informed decision-making by integrating risk management into strategic planning and operational processes.

Risk Appetite Statement

The company is committed to delivering innovative, sustainable infrastructure solutions in water and transport projects. We accept moderate risks that enable growth, technological advancement, and market competitiveness, provided they are managed within defined thresholds. We have a low tolerance for risks that compromise safety, environmental integrity, regulatory compliance, or reputational trust, as these undermine our core values and long-term success.

Risk Tolerance Statements

1. **Financial:** The Company bids for projects based on laid-down profitability guidelines. Management accepts that due to unforeseen events, there may be a reduction in project profit of upto 25% of the forecasted profit, provided mitigation plans are in place.
2. **Operational:** The Company's execution philosophy is to deliver projects on or before the stipulated time. We recognize that projects may sometimes be delayed, and accept Project delays subject to substantial possibility that suitable Extension of Time will be given by the awarding authority and there being no possibility of levy of liquidated damages, provided suitable mitigation plans are in place.
3. **Health, Safety, and Environmental (HSE):** We place the highest importance on safe working conditions at our project sites. We will work closely with our vendors and contractors in ensuring this. Based on the baseline safety statistics of 2020-21, our target Loss Time Injury Frequency Rate (LTIFR)[1] is 0.36. We will tolerate an upward variation upto 10% of the target LTIFR.

4. **Regulatory and Compliance:** The Company will ensure adherence to laws, permits, and industry standards. We will work closely with our vendors, contractors and other stakeholders to ensure this. Delays in permits or compliance issues will be tolerated upto 90 days subject to no fines or impact on project timelines

- **Procedure & Methodology**

The procedure will have the following steps:

a) Risk Identification
b) Pre-response: Impact & probability scoring
c) Categorization of Risk: High, Medium, Low
d) Identify Risk Treatment & Action Plan
e) Reporting & Review

(a) Risk Identification

This would involve identification, by each location and department head (known as Risk Owners), of a comprehensive list of events that could have an adverse impact on the business objectives and on project execution. Each Risk Owner will identify risks based on business plan for the year/updated during the year past experiences, brainstorming, incident database, interviews & questionnaires, financial dimension, Company's reputation and a conservative evaluation of future expectations.

An indicative categorization / area of risks for WEL are as under:-

Strategic	Operational	Financial	Organizational	Compliances
• Market Risk • Technology Obsolescence Risk • Policy / Regulatory Risk • Outsourcing/ Vendor Risk • Political Risk	• Selection Criteria • Contractor Non-Performance • Revenue Risk • Stakeholder Liability • MIS Framework - Implementation • Force Majeure • Permissions Risk • Dependence for Qualification • Legal /Regulatory Risk • Fraud and Abuse • IT - Information Security • Document Management Framework & Repository • Data Control • Data Security • Change in regulations/framework • Competitive Intensity • Suppliers Risk	• Financing • Interest rate changes • Input Commodity Price • Cash Flow • Taxation • Credit Rating risk	• Succession planning	• Environment Risk • Compliance Risk

(b) Pre-response: Impact & Probability scoring

The Risk Owners will determine an impact score on each identified risk based on the Impact Scale given below:

IMPACT						
Relative Weight	**Score**	**-1**	**-2**	**-3**	**-4**	**-5**
	Definition	**Insignificant**	**Minor**	**Moderate**	**Major**	**Severe**
15%	**PROFITS** [EBITDA]	**< 1%**	**1% - 2%**	**2% - 5%**	**5% - 10%**	**> 10%**
20%	**BUSINESS** [New Orders]	**< 1%**	**1% - 2%**	**2% - 5%**	**5% - 10%**	**> 10%**
25%	**REVENUES** [Sales/Turnover]	**< 1%**	**1% - 2%**	**2% - 5%**	**5% - 10%**	**> 10%**
20%	**IMAGE & OPERATIONS**					
	Internal Policies & Compliances	*Policy defined and very few exceptions*	*Policy defined and few exceptions*	*Policy defined and some exceptions*	*No policy defined and several exceptions*	*Policy does not exist*
		> 1% Deviations from SOPs	1% - 5% Deviations from SOPs	5% - 10% Deviations from SOPs	10% - 20% Deviations from SOPs	> 20% Deviations from SOPs
	Reputation - Customers/Clients	*Minor complaints from customers*	*Minor complaints from key customers*	*Serious complaints from key customers and signs of defection*	*Defection of some key accounts*	*Defection of key accounts and damage to customer relationships*
	Reputation - Employees	*Minor unrest*	*Some localized employee unrest*	*General employee unrest*	*Undermining Company as employer of choice*	*Company not viewed as employer of choice*
		< 0.5% managerial attrition; < 1% TAT delays by HCGA	0.5% - 1% managerial attrition; 1% - 5% TAT delays by HCGA	1% - 3% managerial attrition; 5% - 10% TAT delays by HCGA	3% - 5% managerial attrition; 10% - 15% TAT delays by HCGA	> 5% managerial attrition; > 15% TAT delays by HCGA
20%	**REGULATORY & STATUTORY COMPLIANCES** [Fines/Penalties]	< 50 Lakhs			50 Lakhs - 1 Crore	> 1 Crore

Probability / Likelihood of Occurrence

The Risk Owners will also determine a probability score on each identified risk based on the Probability Scale given below:-

PROBABILITY SCALE					
Score	**1**	**2**	**3**	**4**	**5**
Definition	Remote	Less Likely	Possible	Likely	Almost Certain
	< 1%	**1% - 10%**	**10% - 30%**	**30% - 65%**	**>65%**

(c) Risk Categorization: High, Medium, Low

The severity level of risk will be ascertained as a multiple of the scale of Impact x Probability of Occurrence.

		Probability				
		1	2	3	4	5
Impact	5					
	4					
	3					
	2					
	1					

Legend		Risk Category Score
Low	Quarterly Monitoring	<=4
Medium	Continuous Monitoring	5-9
High	Immediate Treatment, with a Mitigation Plan	>=10

(d) Identify Risk Treatment & Action Plan

For each of the High Risk identified by the Risk Owners, the treatment and action plan will be as given below:

1. Avoid :-
Risk avoidance is a risk response strategy where by the organization acts to eliminate the risk or protect itself from its impact.

2. Transfer :-
Risk transference is a risk response strategy whereby the organisation shifts the impact of a risk to a third party, together with ownership of the response.

3. Mitigate :-
Risk mitigation is a risk response strategy whereby the organisation acts to reduce the probability of occurrence or impact of a risk. It implies a reduction in the probability and/or impact of an adverse risk to be within acceptable threshold limits.

4. Accept :-
Risk acceptance is a risk response strategy whereby the organization decides to acknowledge the risk and not take any action unless the risk occurs. This strategy is adopted where it is not possible or cost-effective to address a specific risk in any other way.

(e) Reporting and Review Mechanism

The Risk Owners of every location will report on the above matters to senior officer of MD's Office on a monthly basis for project risks and on a quarterly basis for enterprise risks. The RMC will review the risk profile of the Company with focus on high risks on a quarterly basis.

Annexure I

Schedule II Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Role of Risk Management Committee:-

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, inparticular 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 risksassociated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacyof risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by consideringthe changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendationsand actions to be taken;

6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject toreview by the Risk Management Committee.