



**ASHOKA BUILDCON LIMITED**  
**RISK MANAGEMENT COMMITTEE**

**A. OVERVIEW**

Risk Management is an integral component of good and transparent corporate governance and is fundamental in achieving the Company's strategic and operational objectives. Risk Management is a term applied to a logical and systematic method of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable the Company to minimize losses and maximize opportunities.

Risk Management at Ashoka Buildcon Ltd. (herein referred to as "the Company") encompasses practices relating to identification, analysis, evaluation / assessment, mitigation / managing and monitoring of various risks. Risk Management seeks to minimize adverse impact on our business objectives and enhance stakeholder value. Further, our risk management practices seek to sustain and enhance long-term competitive advantage of the Company.

**B. APPLICABILITY**

This policy shall apply to all areas of Company's operations across all the locations including SPV's of the Company.

**C. OBJECTIVE OF THE POLICY**

Board of the company is committed to develop and enhance an integrated Risk Management Framework to ensure sustainable business growth with stability and establish a structured approach to Risk Management.

This Risk Management framework aims at formalising a process to deal with the most relevant risks at Ashoka, building on existing management practices, knowledge and structures. The specific objectives of the Risk Management Policy are aligning risk appetite and strategy, Reducing operational risks and losses, Integrated approach to risk management at strategic level, Identifying and managing multiple and cross-enterprise risks.

**D. RISK MANAGEMENT STRUCTURE and ROLES/RESPONSIBILITIES**

Risk management occurs across the Company at various levels. These levels also form various lines of defense in risk management.

**1. Board of Directors (Board)**

- Approve and review the Risk Management Policy
- Oversee the development and implementation of risk management framework and maintain an adequate monitoring and reporting mechanism.
- To define the role and responsibility of Risk Management Committee.
- The Board shall review the performance of the risk management committee annually.

## 2. Audit Committee

The Audit committee's ~~(which comprises of Independent Directors)~~ role is to monitor and ensure that the Company is in compliance with all applicable statutory requirements and internal policies, appropriate with Risk Management processes and that these are periodically reviewed and improved, whenever required.

## 3. Risk Management Committee

Risk Management Committee is required to be constituted as per amendments to SEBI LODR, 2015. The Company has constituted a Risk Management Committee effective from April 01, 2019, with majority of members of the Board of Directors, with overall responsibility of overseeing and reviewing risk management across the Company.

### The committee is responsible:

- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- To examine and determine the sufficiency of the Company's internal processes for reporting and managing key risk areas.
- To review the nature and level of insurance coverage
- To have special investigations into areas of corporate risk and internal financial control.
- To review management's response to the recommendations of the Internal Auditors / Statutory Auditors
- To define the risk appetite of the organization;
- To ensure that the Company is taking appropriate measures to achieve balance between risk and reward in both ongoing and new business activities.
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- To ensure that a systematic, documented assessment of the processes and outcomes are also documented for the purpose of mitigating the risks.
- To ensure that the risk awareness culture is prevailing throughout the Company
- To review issues raised by Internal Audit and to assess their impact
- Perform other activities related to risk management specifically covering Cyber Security as requested by the Board of Directors.
- To review the risk profile of the Company, across Strategic, Operational, Financial and Compliance Categories and to seek reports from the concerned Dept. Heads at regular intervals for review, say once in a year.

### Constitution of Risk Management Committee

Pursuant to the provisions of Regulation 21 of the Listing Regulations, the Company is required to constitute a Risk Management Committee consisting of the members of the Board and Senior Executives of the Company. The Chairperson of the Committee shall be member of the Board.

**Present Composition of the Committee is as follows.**

<b>S. No.</b>	<b>Name of the Member</b>	<b>Designation</b>
1	Sanjay Londhe – Whole-time Director	Chairman
2	Shilpa Hiran – Independent Director	Member
3	Paresh Mehta – Chief Financial Officer	Member

The Committee shall meet twice a year and the gap between two meetings shall not exceed 180 days or such other timelines as may be prescribed by the Act or Listing Regulations.

The committee shall invite various Dept. heads of Contracts, HR, Legal, Accounts, Finance and other Depts. as and when required.

#### **E. Risk Categories**

The following broad categories of risks have been considered in our risk management framework:

➤ **Strategic Risk**

Risk which may cause failure of Business due to faulty or wrong Business Decisions or inadequate strategic roadmap.

➤ **Financial Risks**

Risks occurred due to abrupt changes in Business Environment. Such Risks differ from strategic risk as it is based on real time events for dealing with current business environment.

➤ **Operational Risks**

Risks which an organization face during its day-to-day activities.

➤ **Cyber Security Risk**

Digital Security breach or disruption to digital infrastructure caused by intentional or unintentional actions, such as cyber-attacks data breaches or human error.

➤ **Compliance Risks**

Compliance risk refers to the financial, legal, reputational, or business impact on an organization of any size or structure of not adhering to a set standards, Acts, laws, or frameworks.

➤ **Reputational Risk**

Risks which may cause failure due to potential for adverse publicity, public perception or events beyond control of the Company, causing an adverse impact.

➤ **Business Risks**

Business set-up and ongoing commercial risks (budgeting, contracting, material, approvals etc.)

➤ **Health, Safety and Environmental Risk**

Risk related to the threat arising on account of adverse consequences as a result of uncertain events on the health and safety of the workforce and environment on account of the Company's core operations.

Addressing risks involves escalating matters for mitigation to higher authorities like Audit Committee within the Company and/or to some agencies outside the Company. A Risk Mitigation matrix has been prepared by the Company outlining various Risks and its levels.

**F. Terms of Reference of Risk Management Committee:**

- Review of risk profile of the Company, assess risks in terms of severity and likelihood, decide high priority area for mitigation
- Review potential risks from changes in regulations, economic environment, new business areas,
- Define risk policy and review implementation of risk mitigation framework
  
- Ensure adequate resources are assigned to mitigate risks to effectively carry out the risk management functions envisaged in this policy.
- Review and reporting of escalation matrix to capture critical factors affecting business cycles
- Analyse failures of any mitigation mechanism, frauds, losses, non-compliance and recommend corrective measures to prevent recurrence.

**G. AMENDMENT**

Any change in the policy shall be approved by the Board of Directors or any of its committees (as may be authorized by the Board of Directors in this regard). The Board or any of its approved committees shall have the right to withdraw and/or amend any part of this policy or the entire policy. Any subsequent amendment/ modification in the Listing Regulations, Companies Act and/or any other laws in this regard shall automatically apply to this policy.

**This Committee has been formed and Terms of Reference have been approved by Board of Directors at its meeting held on March 15, 2019 and effective from April 01, 2019. The Composition is changed from time to time and last such change effect on May 24, 2023.**

**This Policy is revised and approved at the meeting of the Board of Directors held on November 08, 2023.**