

ASHOKA BUILDCON LIMITED
RISK MANAGEMENT COMMITTEE

A. OVERVIEW

The Risk Management at Ashoka Buildcon Ltd. (“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. RISK MANAGEMENT STRUCTURE

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

1. Level Key roles and responsibilities

a. Board of Directors (Board)

- Corporate governance oversight of risk management performed by the Executive Management; and
- Review the performance of Risk Management Committee (RMC)

• **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 Risk Management processes are in place and these are periodically reviewed and improved whenever required.

• **Risk Management Committee**

The Risk Management Committee (effective from April 01, 2019) is required to be constituted as per amendments to SEBI LODR, 2015.

The Composition of the Risk Management Committee (RMC) shall consist of Members of Board including the Chairman of RMC. The Senior Executives of the Company may also be members of RMC.

Composition :

1. Mr. Sanjay Londhe – Whole-time Director and CEO – Projects
2. Mr. Milap Raj Bhansali – Whole-time Director
3. Mr. Paresh Mehta – Chief Financial Officer

RMC to invite various Dept. heads of Contracts, HR, Legal, Accounts, Finance and other Depts. as per requirement.

RMC shall meet at least once in a year.

RMC to review the risk profile of the Company, across Strategic, Operational, Financial and Compliance Categories. RMC shall seek reports from the concerned Dept. Heads at regular intervals.

2. Risk Categories

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

- a) Strategic / Reputational Risk;
- b) Business Risks;
- c) Financial Risks;
- d) Operational Risks; and
- e) Compliance Risks.

Addressing risks should involve escalating matters for mitigation to higher authority like Audit Committee within the Company and/or to some agencies outside the Company. A matrix needs to be prepared / reviewed outlining the Risk levels.

Scope & Coverage

This policy document applies to Ashoka Buildcon Limited. This policy defines the roles and responsibilities of the organization in relation to Risk Management and Compliance processes

Terms of Reference of RMC

- 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
- 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 recurrences

ROLES AND RESPONSIBILITIES OF RMC

ROLES :

- To assess the Company's risk profile and key areas of risk in particular.
- To recommend the Audit Committee and the Board, various processes of risk assessment and management.
- To articulate the Company's policy for the oversight and management of business risks.
- To examine and determine the sufficiency of the Company's internal processes for reporting and managing key risk areas.
- To assess and recommend the Board acceptable levels of risk.
- To develop and implement a risk management framework and internal control system.
- 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

RESPONSIBILITIES :

- To define the risk appetite of the organization;
- To exercise oversight of Management's responsibilities, and review the risk profile of the Company to ensure that risk is not higher than the risk appetite determined by the board;
- To ensure that the Company is taking appropriate measures to achieve balance between risk and reward in both ongoing and new business activities.
- To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the Risk Assessment and Management policy is effectively managed.
- To review and assess the nature, role, responsibility and authority of the risk management function within the Company
- To ensure that a systematic, documented assessment of the processes and outcomes are also documented for the purpose of mitigating the risks.
- To monitor external developments relating to the legal framework, industry / sector specific changes, and the reporting to the Audit Committee and Board from time to time.
- To ensure that statutory and regulatory compliance are done.
- 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.

The Board shall review the performance of the risk management committee annually.

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.