AGI INFRA LIMITED

RISK MANAGEMENT POLICY

A. PREAMBLE

1. Section 134(3)(n) of the Companies Act, 2013 (“Act”) requires a statement to be included in the report of the board of directors of a 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 of directors of a company, may threaten the existence of the company.

2. Further, Regulation 17(9) and Clause C, Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR”) requires that companies set out procedures to inform the board of directors of the company of risk assessment and minimization procedures and make the board of directors responsible for framing, implementing and monitoring the risk management plan of the company. However, the provision of LODR to the extend incorporated in this policy shall be applicable to the Company from the date of listing of its shares on the Recognized Stock Exchange(s).

3. Accordingly, the board of directors ("Board”) of AGI Infra Limited (“Company”) has adopted the Risk Management Policy (“Policy”) for risk management and mitigation.

B. OBJECTIVE

1. This Policy aims to provide a framework for the effective management of risk as required by the Act and in line with the LODR. through this Policy, the Company intends to establish a robust framework for reduction, identification, mitigation and management of risks (such as Strategic, Financial, Operational, Regulatory, Reputational, Third-party, Sustainability, and Technological Risks) that the Company may be subject to on periodical basis. It also prescribes the risk management governance structure along with the roles and responsibilities of various stakeholders within the organization.

This policy has been specifically designed, to achieve the following objectives:

- Ensure achievement of the Company’s vision and strategic priorities in line with its core values;
- Integrate risk management in the culture and strategic decision-making in the organization;
- Enable compliance with appropriate regulations and adoption of leading practices;
- Anticipate and respond to changing economic, social, political, technological environmental and legal conditions in the external environment.

C. RISK MANAGEMENT COMMITTEE

1. The Board has constituted a committee, namely, the Risk Management Committee, with the overall responsibility of overseeing and reviewing risk management across the Company.
   a). The Risk Management Committee currently comprises of:

S. No	Name of the Members	Category	Designation
1.	Mr. Amrik Singh Chawla	Non-Executive Independent Director	Chairman
2.	Mr. Sukhdev Singh Khinda	Managing Director	Member
3.	Mrs. Salwinderjit Kaur	Whole Time Director	Member
4.	Mr. Balvinder Singh Sandha	Chief Financial Officer	Member

b). The terms of reference of the Risk Management Committee are as follows:

a. To formulate a detailed risk management policy which shall include:

- A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and governance (ESG) related risks), information, cyber security risks or any other risk as may be determined by the committee;

- Measures for risk mitigation including systems and processes for internal control of identified risks;

- Business continuity plan.

2. To periodically review the risk management policy at least once in 2 (two) years, including by considering the changing industry dynamics and evolving complexity;

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

4. To approve the process for risk identification and mitigation;

5. To decide on risk tolerance and appetite levels, recognizing contingent risks, inherent and residual risks including for cyber security;

6. To monitor the Company's compliance with the risk structure. Assess whether current exposure to the risks it faces is acceptable and that there is an effective remediation of non-compliance on an on-going basis;

7. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

8. To keep the Board informed about the nature and content of its discussions,

9. recommendations and actions to be taken;

10. To approve major decisions affecting the risk profile or exposure and give appropriate directions;

11. To consider the effectiveness of decision making process in crisis and emergency situations;

12. To balance risks and opportunities;

13. To generally, assist the Board in the execution of its responsibility for the governance of risk;

14. To consider the appointment, removal and terms of remuneration of the chief risk officer (if any), which shall be subject to review by the Risk Management Committee;

15. 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;

16. 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;

17. To attend to such other matters and functions as may be prescribed by the Board from time to time; and

18. Such terms of reference as may be prescribed under the Act and the LODR.

D. RISK IDENTIFICATION

1. The Risk Management Committee is required to identify the various risks that the Company may be exposed to, including financial, operational, environmental, sectorial, sustainability (particularly, environment, social and governance related risks) and governance risks, information, cyber security risks, third-party, technological etc. The Risk Management Committee may consult with the Company's business vertical support function heads and internal audit committee in doing so. An illustrative list of risks faced by the Company across its functions have been identified and classified as follows:

a. <u>Internal Risks</u>

- Project Execution
- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources
- Quality Assurance

- Environmental Management
- Human Resource Management
- Material and Equipment Resource Management
- Culture and values
- IT Risk – Faulty system/system failure
- Technology Risk

b. External Risks

- Economic Environment and Market conditions
- Political Environment
- Competition
- Changes in interest rates
- Changes in government policies
- Fluctuations in Foreign exchange
- Geopolitical Supply Chain Disruptions
- Adverse Climatic Conditions
- Pandemics
- Changes in Tax regulation
- Financial stability of clients, Business partners (Joint-venture partner, Consortium partner, Sub-contractors), Suppliers, Vendors
- Lenders risk
- Revenue Concentration and liquidity aspects
- Inflation and Cost Structure
- Technology Obsolescence
- Legal

E. RISK ASSESSMENT AND PRIORITIZATION

Risks so identified are assessed to classify them as per the criticality for the business. This would enable prioritization of risks and decide the right risk management strategies appropriate for the different class of risks. Wherever, applicable and feasible, the risk appetite is also defined, and adequate internal controls are installed to ensure that the limits are adhered to.

The process of assessment is based on two parameters – risk impact and risk likelihood. These are rated in terms of Very High, High, Medium, Low, and Very Low scales. While prioritizing, risk velocity is also taken into consideration. Crisis Management plan is defined for risks which have high impact and high velocity.

At the end of the risk assessment and evaluation, top 10 risks at the Company level are then prioritized for monitoring and review by the Risk Management Committee on periodic basis.

F. RISK MITIGATION INCLUDING SYSTEMS AND PROCESSES FOR INTERNAL CONTROL OF IDENTIFIED RISKS

1. The Company has installed the following systems to firstly, shield the Company from the impact of the said risk:

a. Training and Awareness Programmes

The Risk Management Committee shall organize periodic risk identification, management and mitigation workshops for its directors, key managerial personnel and such employees, consultants and associates, as seen necessary.

b. Involve all functions in the overall risk identification and mitigation exercise;

c. Link the risk management process to the strategic planning and internal audit process;

d. The Risk Management Committee shall have access to all information necessary to fulfill its responsibilities. It has the 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;

e. The Risk Management Committee may in its judgment periodically commission risk management analysis of the Company;

f. Creating and maintaining clear and comprehensive Documented Policies and Procedures through Quality Management System (QMS) implemented by internal ISO cell department and ensuring that employees follow the documented processes.

g. Implementing strong IT Security Measures & cybersecurity protocols. Securing networks, databases, and sensitive data by regularly assessing vulnerabilities and patch software.

h. Conducting regular internal audits. Auditing critical processes, financial transactions, and compliance areas and addressing control for weaknesses promptly.

i. Implementing budget controls and expense approval processes.

j. Frequent monitoring and assessing internal and external risk.

k. To obtain wherever commercial viable to mitigate risk adequate insurance cover.

G. BUSINESS CONTINUITY PLAN

Business Continuity Plans (BCP) are required to be defined for risks corresponding to High Impact and High Velocity to enable rapid response to address the consequence of such risks when they materialize. Business Continuity Planning shall be embedded in the Internal Controls and Crisis Management framework. The committee shall be responsible for laying out crisis response mechanism, communication protocols, and periodic training and competency building on crisis management. The Committee shall also conduct periodic disaster recovery mock drills to ensure that the organization is prepared to manage any crisis event quickly for business continuity.

H. INFORMATION TO THE BOARD ABOUT RISK ASSESSMENT AND MINIMIZATION PROCEDURES

1. The Risk Management Committee shall on a quarterly basis, submit a report to the Board of Directors setting out details of risks identified, impact of such risks on the Company and its stakeholders, measures taken by the Risk Management Committee to mitigate and manage the risks and outlook for the coming quarter.

2. The Risk Management Committee shall periodically liaise with internal auditor and the audit committee with respect to any financial risks identified.

I. DISCLOSURES

Board of Directors shall include a statement 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 in its Board Report.

J. DISSEMINATION OF THE POLICY

The approved Policy shall be uploaded on the Company's website's at www.agiinfra.com

K. REVIEW AND AMENDMENT

The Board, the Audit Committee and The Risk Management Committee shall review the above list periodically, but at least every 2 (two) years and make modifications to the said list as seen necessary.

Notwithstanding anything contained in this policy, the Company shall ensure compliance with additional requirements as may be prescribed under applicable laws either existing or arising out of any amendment to such applicable laws or otherwise and applicable to the Company from time to time.

This Policy is intended to be in conformity with the LODR and the Act as on the date of its adoption. However, if due to subsequent modifications in the LODR, the Act or any other applicable law, a provision of this Policy or any part thereof becomes inconsistent with the LODR, the Act or any other applicable law, then the provisions of such laws, as modified, shall prevail.

L. EFFECTIVE DATE

This policy shall be effective from date of its adoption by the Board.

M. CONTACT

For queries related to this Policy, please contact

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