



Risk Management Policy

INTRODUCTION

This policy is in compliance with SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 and provisions of the Companies Act, 2013 read with Rules made thereunder which requires the Company to lay down procedure about risk assessment and risk minimization.

The Company is in the business of Real Estate development and like any other business, exposed to various risks in the normal course of its activities.

OBJECTIVES

The Company's Risk Management Policy relates to identification, assessment, monitoring and mitigation of various types of risks to the business. The policy seeks to minimize adverse outcomes of Business Activities by assessing other risks in advance and planning for the methodology/framework for management and mitigation of the risks.

RISK MANAGEMENT FRAMEWORK

(A) Risk Management Structure:

The Board of Directors of the Company has constituted a Risk Management Committee ("Committee") who shall periodically review and monitor the risk management plan of the Company so that the Management controls the risk through properly defined structure. The Board of Directors of the Company may re-constitute the composition of the Committee, as it may deem fit from time to time.

TYPES OF RISK AND MITIGATION MEASURES

The risks that impact the Company's business are broadly classified as follows:

(1) Credit Risk

The Credit risks relate to adequate liquidity for routine operations and availability of funds for the expansions of the various projects. The change in credit ratings is also associated with Credit risk.

Risk Mitigation measures

The Company has adopted a payment plan policy whereby the projects of the Company are self-financed and do not required any credit facilities. Further, daily cash flow statement are prepared and monitored at senior levels to utilize cash in an effective manner.

(2) Liquidity Risk

The Company is subject to the risks normally associated with debt financing and may be required to dedicate a portion of its cash flow towards repayment of its debt commitments. Further, Changes in interest rates may increase the Company's cost of borrowing and impact its profitability.

Risk Mitigation measures

The Company has a proven track record in servicing its debt obligations. The Company is making all efforts to reduce its debt. Further, daily and monthly cash flow statement are prepared and monitored at senior levels to prevent undue loss of interest (Cash) and to utilize cash in an effective manner. The Company is operating through an escrow management for repayment of its debts. The Company has adopted a payment plan policy whereby the projects of the Company are self-financed and do not required any credit facilities.

(3) Market Risk

Entry of new competitors has a direct effect on demand and sales. A decline in the real estate market may cause potential buyers to remain risk averse, and market spending to turn cautious. The downturn in the economy could also lead to a decrease in sales or market rates for residential projects. Prospective customers may not be able to obtain housing finance. A shift in customer preference may have an adverse effect on the Company's business and operating results. Unsold Inventories may also impact the financial position of the Company.

Risk Mitigation measures

The Company has a dedicated in-house sales and marketing team, which is entrusted with the task of generating enquiries for the products and translating these into sales. This reduces the reliance on external agents and brokers. A Customer Relationship Management (CRM) Department has also been constituted to exclusively interact with customers and resolving their queries. Also the Company enjoy the benefit of its low cost of land which is more than sufficient to absorbed any price fluctuation, cost fluctuation and other operating cost escalation.

(4) Operational Risk

The real estate projects are subject to a number of implementation risks such as regulatory delays, construction delays, material shortages, cost overruns, migratory labour,

availability of skilled labour, accidents and quality control. The Company's operations may be unfavorably impacted if these risks are not effectively managed.

If the suppliers of raw materials curtail, discontinue or otherwise disrupt the supply of materials, the Company's ability to meet the material requirements for projects could be impaired. This could lead to disruption of construction schedules and projects may not be completed on time.

The occurrence of natural disasters like earthquakes, fires, pandemic disease, floods and man-made disasters like acts of terrorism and military actions could adversely affect the Company's operating results.

Risk Mitigation measures

The Company has long-standing relationships with suppliers for the purchase of key materials. Raw materials are procured from different sources at competitive prices. Alternative sources are developed for uninterrupted supply of raw materials and proper inventory control systems have been put in place.

The Company has an in-house construction department; Increased usage of mechanized equipment. Penalty clauses in agreement with Contractors for delay implementation; Usage of newer and appropriate systems, processes and technologies to minimize external dependencies.

The properties of the Company are insured against natural risks like fire, flood, earthquakes etc. with periodical review of adequacy, rates and risk covered under professional advice. Fire extinguishers have been placed at fire sensitive locations.

(5) Land Related Risk:

One of the primary inputs for a Real Estate Company is the availability of land. The unavailability or shortage of suitable parcels of land for development could lead to escalation in land prices. Such escalations could adversely affect the business. Also, the availability of land, its use, and development are subject to regulations by various local authorities. In India, the uncertainty of underlying title of land is also a major factor involving the risk of legal disputes and related costs. The land prices are also volatile and difficult to predict.

Risk Mitigation Measures:

Effective methodologies are in place for managing the land portfolio. Extensive diligence is carried out before acquiring land or entering into partnerships/ joint ventures. Review of city infrastructure plan/possibility of future expansion of roads is also considered.

(6) Human Resource Risks

The Company's performance could be affected if it is unable to identify, attract and retain its key employees. As there's always a risk of conflict between personal goal of Employees and organization Goals.

Risk Mitigation Measures:

The Company has proper recruitment policy for recruitment of personnel at various levels in the organization. The staff compensation levels are almost on par with the best in the domestic industry. All efforts are made to ensure an innovative work environment for all our employees. Proper appraisal system for revision of compensation on a periodical basis has been evolved and followed regularly.

(7) Legal Risk:

In the ordinary course of our business, the Company is involved in legal proceedings including disputes, litigations or arbitrations or other proceedings and may face Legal proceedings in the future which could result in costs and a diversion of effort. The outcome of such proceedings is beyond the control of the Company and this is therefore a risk factor.

Risk Mitigation Measures:

The Company uses ethical business practices to ensure minimum possible litigation including public interest litigation. The legal department vets all legal and contractual documents. A study of contracts with focus on contractual liabilities, deductions, penalties and interest conditions is undertaken on a regular basis.

Experienced team of professionals, advisors who focus on evaluating the risks involved in a contract, ascertaining our responsibilities under the applicable law of the contract, restricting our liabilities under the contract, and covering the risks involved so that they can ensure adherence to all contractual commitments. Management places reliance on professional guidance and opinion and discuss impact of all laws and regulations to ensure company's total compliance.

(8) IT System Risks & Cyber threats:

A breakdown of existing IT systems or a delay in implementation could disrupt the Company's ability to track, record and analyse the work in progress, or result in loss of valuable data. Further cyber threats will always be a concern for the Company.

Risk Mitigation Measures:

IT department maintains and upgrades the systems on a continuous basis. Password protection is provided at different levels to ensure data integrity. Segregation of duties with respect to access, view and modification of information systems are validated periodically. Necessary periodic checks are deployed through outside agencies to ensure the data safety and protection.

The necessary firewalls have been deployed to protect the server to protect from any outside threats these firewalls are periodically checked by third parties security agencies for fitness.

(B) Risk Management Program:

The Company's risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile. As the first step is to

identify potential risk. Once risks have been identified and assessed, all techniques to manage the risk fall into one or more of the following categories:

a) Risk avoidance:

This includes not performing an activity that could carry risk, e.g. decision not to buy a disputed property.

b) Risk reduction:

This involves steps to reduce the severity of the loss by taking some steps, e.g. installation of fire hydrant system to minimize loss due to fire.

c) Risk transfer:

Means transfer of risk to another party by entering into a contract, e.g. insurance cover, hedging instruments etc.

Depending on the risk assessment, severity and probability of occurrence, company may adopt one or more of the methods to minimize or mitigate the risk. Further, based on the risk assessment, each of the risks can be categorized as Low, Medium and High.

To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors and of the Committee, to identify, oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company.

Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

IMPLEMENTATION STRATEGY

The Board of Directors is responsible for:

- Approving and authorizing the Risk Management Policy.
- Formation of Risk Management Committee.
- Reviewing the reports on major deviations reported as part of the risk management program.

Risk Management Committee is responsible for:

- formulating a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the company, in particular 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.
- ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- managing and monitoring the implementation of risk management policy, including evaluating the adequacy of risk management systems, action plans developed to

address material business risks within the Company, and regularly reviewing the progress of action plans;

- review of risk management policy considering the changing industry dynamics and evolving complexity
- setting up internal processes and systems to control the implementation of action plans;
- regularly monitoring and evaluating the performance of management in managing risk;
- providing management and employees with the necessary tools and resources to identify and manage risks;
- regularly reviewing and updating the current list of material business risks;
- regularly reporting to the Board on the status of material business risks, the nature and content of its discussions, recommendations and actions to be taken;;
- reviewing and monitoring cyber security; and
- The appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee.

Functional Head is responsible for:

The Company's Functional head is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company. The Functional head must implement the action plans developed to address material business risks across the Company.

The Functional head should regularly monitor the performance of employees in implementing the action plans, as appropriate. Each Functional Head shall submit its report to Chief Risk Officer.

Chief Risk officer:

The Committee will appoint Chief Risk Officer for monitoring and taking all such steps as necessary for effective implementation of the measures adopted. The Chief Risk officer shall report to the Risk Management Committee on the status and effectiveness of the risk management program.

BUSINESS CONTINUITY PLAN

The Risk Management Committee will:

- assess the potential factors that could harm the business of the Company and create a Business Impact Analysis.
- review the Business Impact Analysis with senior management and key Stakeholders to ensure visibility.
- identify the resource requirement on the basis of Business impact Analysis.
- determine a recovery strategy based on the needs of the business
- develop the framework for continuity plan, establish and organize the recovery teams.
- develop a plan of relocation in the case of disruption or disaster.
- create a test plan and subsequent exercises that can be performed by the business to ensure that the business continuity plan works successfully.
- update the Business Continuity plan as needed based on the tests and exercise.

REVIEW OF RISK MANAGEMENT PROGRAM

The Company will regularly evaluate the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis.

The Risk Management Committee shall meet at least twice in a Calendar Year and not more than one hundred and eighty days shall lapse between any two consecutive meetings. The report and actions taken thereon shall be reported to the Board of Directors once in a year.

REVIEW OF RISK MANAGEMENT POLICY

This policy shall be reviewed at least once in every one year considering the requirements of legislation and the changing industry dynamics.

AMENDMENTS

The Board of the Company may amend and/or modify this Policy in whole or in part, at any time, subject to the same being in compliance with the applicable laws.

DISCLAIMER CLAUSE

The Management cautions readers that the risk outlined above are not exhaustive and are for information purposed only. Management is not an expert in assessment of risk factors and/or risk mitigation measures. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

*** This revised policy has been adopted by the Board of Directors at their meeting held on February 12, 2024.**