

## **THE RISK MANAGEMENT POLICY**

### **PODDAR DEVELOPERS LTD**

This Policy is in compliance with clause 49 of Listing Agreement, which requires the Company to lay down procedures about the risk assessment and risk minimization.

- i. The Board of Directors of the Company and the Audit Committee of Directors shall periodically review the risk management policy of the Company so that management controls the risk through properly defined network.
- ii. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning.

#### **Commitment to Risk Management**

Poddar Developers Limited (“**the Company**”) is committed to ensuring that all staff, particularly those with management responsibilities, have a sound understanding of the principles of risk management. The Company recognises that risks are inherent in any business activity, that there is a place for responsible risk taking, and that its risk management framework needs to support the Company in managing risks appropriately given the nature of its business.

#### **Responsibilities**

The Board is responsible for overseeing the establishment and implementation of the Company’s risk management system and to assess for itself, at least annually, that the system is operating effectively.

The Audit and Risk Committee of the Board has specific responsibility in the area of risk management. It advises the Board on the appropriateness of a risk management policy and oversight structure and reports on matters of concern raised by management and internal and external auditors.

Senior Management is responsible for implementing the risk management policy, reviewing and assessing its effectiveness on a regular basis and submits reports to Company’s President & CFO.

The President & CFO will report to the Audit and Risk Committee and the Board on major risks and action plans on the basis of report Senior Management.

#### **Nature of risks involved in the business activity:**

##### **1. Risks and Concerns**

###### **Liquidity risk**

The real estate investment market is still in its infant stage. The time required for liquidity of real estate property can vary depending on the quality and location of the property.

###### **Regulatory risks**

In terms of property ownership, permission from the Reserve Bank of India is required for foreign investors. For capital repatriation, investors need to apply for approval from the RBI, and foreign direct investment is limited to a limited set of opportunities (e.g. townships). Being a developing and growing sector, the rules, regulations and legalities demonstrate frequent changes, making it seem as a cumbersome investment option to the investors.

**Property market transparency risk**

The Indian property market has low transparency when compared to the more mature and developed real estate markets. Although market transparency has improved, reliable and consistent information on the Indian property market is still not easily available.

**Macroeconomic risks**

Interest rates, inflation and exchange rate risks are amongst the important macroeconomic indicators and have shown decreased volatility.

**Owner Ship & Land Title Issue**

Lack of information and low transparency in the real estate segment in India, coupled with the age old property related issues discourages the investment of the large players in the semi urban and rural areas thus slacking an overall growth of the real estate sector.

**Role and Responsibilities of Risk Management Committee**

The main responsibility of the Committee is to recognise the core principles / policy for managing derivatives risk. Based on those core policies, the Committee takes the decisions & measures to be adopted and be implemented and followed.

**The risks may also include:**

1. Economic outlook and sentiment;
2. Legal proceedings of the Company;
3. Ethical issues with respect to Infrastructure Development; and
4. Government regulation including in the area of Land Procurement/Development;

**2. Risk Management System**

The company has always had a system-based approach to risk management. Backed by strong internal control systems, the current risk management framework consist of the following elements:

- Appropriate structures have been put in place to effectively address the inherent risks in businesses with unique / relatively high risk profiles.
- A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk managements processes may need to be improved. The Audit Committee of the board reviews internal Audit findings, and provides strategic guidance on internal controls.
- Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

The combination of policies and processes as outlined above adequately addresses the various risks associated with your Company's businesses.