

# Ajmera Realty & Infra India Limited

Regd. Office : "Citi Mall", Link Road, Andheri (West), Mumbai 400 053.

Tel.: +91-22-6698 4000 Fax: +91-22-2632 5902 Email: investors@ajmera.com • Website: www.aril.co.in

CIN No. L27104 MH1985 PLCO35659



## **RISK MANAGEMENT POLICY**

*{Pursuant to Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II and Section 134(3) of Companies Act, 2013}*

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## **AJMERA REALTY & INFRA INDIA LIMITED**

*Regd. Office: - "CITI MALL, 2ND FLOOR, NEW LINK ROAD, ANDHERI (WEST),  
MUMBAI-400053"*

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## Introduction

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Ajmera Realty & Infra India Ltd (ARIIL) is in the business of Real Estate development, prone to inherent business risks like any other organisation. To minimize the adverse consequence of risks on business objectives the Company has framed this Risk Management Policy. The guidance provides a route map for risk management, bringing together policy and guidance from Board of Directors.

The company is committed to high standards of business conduct and to good risk management to:

- ✦ avoid major surprises related to overall control environment
- ✦ have more effective management of change
- ✦ have more effective use of resources
- ✦ have better decision making
- ✦ achieve sustainable business growth
- ✦ protect company's assets
- ✦ ensure compliance with applicable legal requirements
- ✦ safeguard stakeholders interest

This document is intended to formalize a risk management policy the objective of which shall be identification, evaluating, monitoring and minimizing identifiable risks.

## Legal Requirement

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Ajmera Realty & Infra India Ltd being a listed company is required to adhere to the regulations made both by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulation). Where any stipulation is common between the regulations, more stringent of the two shall be complied with.

### Requirement as per Companies Act, 2013

Responsibility of the Board: As per Section 134 (n) of the Act, The Board of Directors' report must include a statement indicating development and implementation of a risk

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management policy for the Company including identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

Responsibility of the Audit Committee: As per Section 177 (4)(vii) of the Act, the Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include evaluation of internal financial controls and risk management systems.

Responsibility of the Independent Directors: As per Schedule IV [Part II-(4)] of the Act, Independent directors should satisfy themselves that financial controls and the systems of risk management are robust and defensible.

## **Requirement of Listing Regulation**

Responsibility of the Audit Committee: As per Schedule II Part C Part A (11), the role of the audit committee shall include the evaluation of internal financial controls and risk management systems.

Requirement for Regulation 21: The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.

As per Regulation 21, top 1000 listed entities, determined on the basis of market capitalisation, as at the end of the immediate previous financial year i.e. 31<sup>st</sup> March, 2021 shall constitute a Risk Management Committee.

*ARIIL stands at 957<sup>th</sup> Position on the basis of market capitalisation as on 31<sup>st</sup> March, 2021.*

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## RISK MANAGEMENT COMMITTEE:

### *Composition:*

Name of Directors	Designation
Mr. Ambalal C. Patel	Chairman
Mr. Rajnikant S. Ajmera	Member
Mr. Manoj I. Ajmera	Member

### *Frequency of Meeting:*

Committee shall meet twice in Calendar Year. Not more than one hundred and eighty days shall lapse between any two consecutive meetings.

### *Quorum:*

Quorum shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

## **Roles and Responsibilities**

The risk management roles and responsibilities will be as under:

<b>Risk Management Committee</b>	<p><b><i>(1) To formulate a detailed risk management policy which shall include:</i></b></p> <p><i>a. A framework for identification of internal and external risks specifically faced by the listed entity, 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.</i></p> <p><i>b. Measures for risk mitigation including systems and processes for internal control of identified risks.</i></p> <p><i>c. Business continuity plan.</i></p> <p><b><i>(2) To ensure that appropriate methodology, processes and</i></b></p>
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*systems are in place to monitor and evaluate risks associated with the business of the Company;*

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

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

*(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;*

*(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.*

*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 of directors.*

*The Risk Management Committee may seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.*

## **Board**

- 1. Approve risk policy and strategy*
- 2. To ensure that the Risk Management Policy is being followed and effectively contributing to early identification of risks and proper mitigation process.*
- 3. To frame, implement and monitor the risk management plan of the Company.*
- 4. To define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the*

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	<i>risk management plan to the committee and such other functions as it may deem fit and such function shall specifically cover cyber security</i>
<i>Audit Committee</i>	<ol style="list-style-type: none"><li><i>1. Evaluation of internal financial controls and risk management systems, including reviewing adequacy and effectiveness of business risk management.</i></li><li><i>2. Advice Business/support functions on Risk initiatives.</i></li><li><i>3. Monitors emerging issues and shares best practice.</i></li></ol>
<i>Risk Officer/ Functional Head</i>	<ol style="list-style-type: none"><li><i>1. Responsible for identifying risks</i></li><li><i>2. Responsible for preparing risk profile</i></li><li><i>3. Responsible for managing risk</i></li></ol>
<i>Audit</i>	<ol style="list-style-type: none"><li><i>1. Tests compliance at all relevant levels</i></li><li><i>2. Quality assurance on risk management process</i></li><li><i>3. Special investigations as requested</i></li></ol>
<i>Employees</i>	<ol style="list-style-type: none"><li><i>1. Compliance with requirement of this policy</i></li><li><i>2. Exercise reasonable care to prevent loss, to maximize opportunity and to ensure that the operations, reputation and assets are not adversely affected</i></li></ol>

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## Risks specific to the Company and the mitigation measures which shall be adopted

### 1. Business Operations Risks

These risks relate broadly to the company's organisation and management, such as planning, monitoring and reporting systems in the day to day management process namely:

- Organisation and management risks,
- Production, process and productivity risks,
- Business interruption risks,
- Profitability

#### **Risk mitigation measures**

- The Company functions under a well-defined organization structure.
- Procedures and roles are well defined to avoid any conflict or communication gap between two or more Departments.

### 2. Liquidity Risks

- Financial solvency risk
- Liquidity (Working Capital) risks
- Borrowing limits
- Cash management risks

#### **Risk Mitigation Measures**

- Proper financial planning is put in place with detailed Annual Business Plans discussed at appropriate levels within the organisation.
- Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilise cash in an effective manner.

### 3. Sales Market Demand Risk

Customers play a vital role in determining the performance of a real estate Company.

- Entry of new competitors has direct affect on demand & sales

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- Downturn in economy could lead to
  - A decrease in sales or market rates for residential projects.
  - Prospective customers may not be able to obtain housing finance.
  - The Company may also run the risk of customer insolvencies.
- Shift in customer preference may also have an adverse effect on the Company's business and operating results.

## **Risk Mitigation Measures**

Company plans new projects based on

- Based on the experience gained in the past.
- A study is done of market dynamics, movement by competition, economic policies and growth patterns of different segments of users.

## **4. Procurement Risk**

- Supply Risks - Quantity & Quality
- Suppliers lead time, interest rate risks
- Raw material rates
- Interruption in the supply of raw material

## **Risk Mitigation Measures**

- Raw materials are procured from different sources at competitive prices.
- Alternative sources are developed for uninterrupted supply of raw materials
- Proper inventory control systems have been put in place.

## **5. Human Resource Risks**

Labour Turnover Risks, involving replacement risks, training risks, skill risks, etc.

## **Risk Mitigation Measures**

- Company has proper recruitment policy for recruitment of personnel at various levels in the organization.
- Proper appraisal system for revision of compensation on a periodical basis has been evolved and followed regularly.
- Employees are trained at regular intervals to upgrade their skills.
- Labour problems are obviated by negotiations and conciliation.



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## 6. Legal Risks

These risks relate to the following:

- Contract Risks
- Contractual Liability
- Judicial Risks

### **Risk Mitigation Measures**

- A study of contracts with focus on contractual liabilities, deductions, penalties and interest conditions is undertaken on a regular basis.
- The Legal department vets all legal and contractual documents with legal advice from Legal retainers for different branches of legislation.

## 7. Disaster Risks

Natural risks like Fire, Floods, Earthquakes, etc.

### **Risk Mitigation Measures**

- The properties of the company are insured against natural risks, like fire, flood, earthquakes, etc. with periodical review of adequacy, rates and risks covered under professional advice.
- Fire extinguishers have been placed at fire sensitive locations.
- First aid training is given to watch and ward staff and safety personnel.

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## 8. IT/ Cyber Security System Risks

- System capability
- System reliability
- Data integrity risks
- Coordinating and interfacing risks
- Information Security

### 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.
- Licensed software is being used in the systems.
- Segregation of duties with respect to access, view and modification of information systems are validated periodically.
- On appointment of an employee, approvals from functional heads are obtained to facilitate creation of an employee ID. Access to required information systems is dependent on an employee ID.

### Amendments

This policy may be amended subject to the approval of Board of Directors, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.

Version -1 of 2021
Version-Approved by the Board of Directors
Version approved on :2 <sup>nd</sup> August, 2021
Last Modified: -
Effective Date: 2 <sup>nd</sup> August, 2021
Next Review : As and when required/ Annual

Approved signed:

Sd/-	Sd/-	Sd/-
<b>Mr. Rajnikant S. Ajmera Chairman &amp; Managing Director</b>	<b>Mr. Manoj I. Ajmera Managing Director</b>	<b>Mr. Sanjay C. Ajmera Whole time Director</b>
Sd/-	Sd/-	Sd/-
<b>Mr .Ambalal C. Patel Independent Director</b>	<b>Mr. K. G. Krishnamurthy Independent Director</b>	<b>Mrs. Aarti M. Ramani Independent Director</b>