



Haamid Real Estates Private Limited (the "Company")

RISK MANAGEMENT POLICY

1. INTRODUCTION:

1.1 The Company is a real estate company prone to inherent business risks like any other organization. This document is intended to formalize a risk management policy the objective of which shall be identification, evaluating, monitoring, and minimizing identifiable risks.

1.2 Risk is a critical factor in any form of business. Risk can be defined simply as "*the difference between expectations and realizations*". That is, it is a measure of the uncertainty surrounding a current or future event or state of nature. It is the uncertainty that something will not be as it seem today, or that some prediction or assumption about what will occur in the future turns out to be wrong.

1.3 The specific objectives of this Risk Management Policy are:

1.3.1 To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated and managed;

1.3.2 To establish a framework for the company's risk management process and to ensure company-wide implementation and systematic and uniform assessment of risks;

1.3.3 To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices

1.3.4 To assure business growth with financial stability.

2. RISK IN REAL ESTATE:

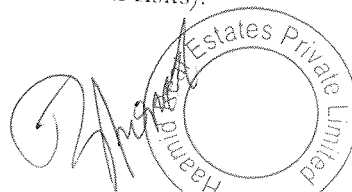
2.1 Risk is inherent in real estate due to its temporal nature and uncertainty is inherent in anything marked with the passage of time.

2.2 Risk in real estate is more complicated than other form of business due to:

2.2.1 inefficient and unpredictable behavioral nature of the real estate market, and

2.2.2 the capital-intensive, durable and vulnerable nature of individual assets to external forces.

2.2.3 These external forces make real estate vulnerable to unknown forces that can create windfalls (i.e., unexpectedly high returns) or wipeouts (i.e., erosion of capital and exposure to residual risks).



Haamid Real Estates Private Limited (U45201DL2006PTC147917)

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3. **RISKS SPECIFIC TO THE COMPANY AND THE MITIGATION MEASURES ADOPTED:**

3.1 **Business dynamics:** Variance in the demand and supply of the product in various areas.

Risk Mitigations Measures:

Based on experience gained from the past and by following the market dynamics as they evolve, the Company is able to predict the demand during a particular period and accordingly supply is planned and adjusted.

3.2 **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:

- a. Organisation and management risks,
- b. Production, process and productivity risks,
- c. Business interruption risks,
- d. Profitability

Risk Mitigation Measures:


- a. The Company functions under a well defined organization structure.
- b. Proper policies are followed in relation to maintenance of inventories of raw materials, consumables, key spares and tools to ensure their availability for planned production programmes.
- c. Effective steps are being taken to reduce cost of production on a continuing basis taking various changing scenarios in the market.

3.3 **Financial Risks:** This is the risk that the revenues generated by an investment may not be sufficient to cover fixed costs which make the project insolvent. This includes the risk that the increase in net income or property value will not keep pace with inflation, resulting in erosion in purchasing power and diluting real returns.

Depending on the term structure of debt, this risk might cause erosion in net earnings, negative cash flows, or a capital crisis if refinancing existing maturing debt at higher rates is not feasible.

Risk Mitigation Measures:

- a. Proper financial planning is put in place with detailed Annual Business Plans discussed at appropriate levels within the organisation.
- b. Annual and quarterly budgets are prepared and put up to management for detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc.

A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "Hamid Real Estates Private Limited" around the perimeter and a small star symbol at the bottom.

- c. Monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilize cash in an effective manner.
- d. Cash management services may be availed from Bank to avoid any loss of interest on collections.

3.4 **Market Risks / Industry Risks:** This risk includes the following risks:

- a. Demand and Supply Risks
- b. Quantities, Qualities, Suppliers, lead time, interest rate risks
- c. Raw material rates
- d. Interruption in the supply of raw material.

Risk Mitigation Measures

- a. Raw materials are procured from different sources at competitive prices.
- b. Alternative sources are developed for uninterrupted supply of raw materials.
- c. The Company plans its production and sales from the experience gained in the past and an on-going study and appraisal of the market dynamics, movement by competition, economic policies and growth patterns of different segments of users of company's products.
- d. The Company takes specific steps to reduce the gap between demand and supply by expanding its customer base, improvement in its product profile, delivery mechanisms, technical inputs and advice on various aspects of de-bottlenecking procedures, enhancement of capacity utilization in customer-plants etc.
- e. Proper inventory control systems have been put in place.

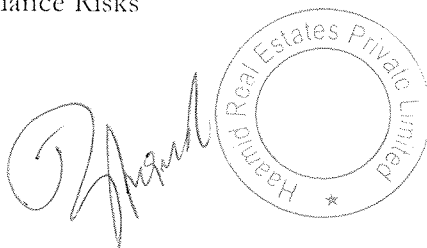
3.5 **Disaster Risks:** This risk includes all sorts of natural risks like Fire, Floods, Earthquakes, etc.

Risk Mitigation Measures:

- a. 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.
- b. Fire extinguishers have been placed at fire sensitive locations.
- c. First aid training is given to watch and ward staff and safety personnel.

3.6 **Legal Risks:** These risks relate to the following:

- a. Contract Risks
- b. Contractual Liability
- c. Judicial Risks
- d. Insurance Risks
- e. Non-compliance Risks



Risk Mitigation Measures:

- a. A study of contracts with focus on contractual liabilities, deductions, penalties and interest conditions is undertaken on a regular basis.
- b. The Legal department vets all legal and contractual documents with legal advice from Legal retainers for different branches of legislation.
- c. Contracts are finalized as per the advice from legal professionals and Advocates.
- d. Insurance policies are audited to avoid any later disputes.

4. COMPANY'S APPROACH TO RISK MANAGEMENT:

- 4.1 The Company adopts the risk management approach as outlined in this Policy with sufficient flexibility to ensure it is able to adapt to the changing needs of the business.
- 4.2 It is the firm belief of Management and the Board that a robust risk strategy, a sound risk identification process and stringent risk reporting provide a solid framework for effectively managing the Company's risks.

5. RISK TOLERANCE:

- 5.1 A company's Risk Tolerance refers to its ability to absorb risks associated with business; generally speaking, the larger the company the greater the Risk Threshold.
- 5.2 It is the responsibility of the Board to set the Company's Risk Tolerance and review it on an annual basis.

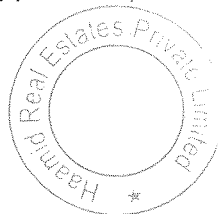
6. IMPLEMENTATION:

- 6.1 The Board of Directors of the Company shall periodically review the risk management policy of the Company so that management controls the risk through properly defined guidelines.
- 6.2 The Board shall be shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning.

This Policy has been approved by the Board of Directors at its meeting held on May 30, 2015



Tirath Lal Anand
(Chairman of the Meeting)



Date: May 30, 2015