

RISK MANAGEMENT POLICY

Or

ENTERPRISE RISK

MANAGEMENT {ERM} POLICY

[AMENDING THE POLICY

DATED THE 16TH MAY, 2015]

1. BACKGROUND

Ansal Properties & Infrastructure Limited {including its subsidiaries, affiliates, associate(s), joint venture(s), group company (ies)} (hereinafter referred as the 'Company' or 'APIL') believes in the conduct of its affairs in a fair and transparent manner by adopting distinctive standards of professionalism, honesty, integrity and ethical behaviour and ensuring compliance of laws, as amended from time to time.

This document reviews and modifies the existing Enterprise Risk Management policy, the objective of which is identification, evaluating, monitoring, and minimizing identifiable risks as per the relevant laws and in the interest of the Company.

The Board of Directors of the Company at their meeting held on the 16th May 2015 has approved the Enterprise Risk Management Policy.

2. RELEVANT LAWS

The relevant provisions of Securities Exchange Board of India {Listing Obligations and Disclosure Requirements} Regulations 2015 and Sections 134, 149, 177 and other applicable provisions of the Companies Act, 2013 and the relevant rules framed there under.

3. OBJECTIVE

In any dynamic organisation, risk is all pervasive, however, the opportunity exists to manage & minimise the same. This requires a systematic process that must be aligned with Company's strategy and its operations. The objective of this Policy is in consonance with this premise.

Requirement of Risk Management policy:

- Support the compliance with the relevant laws and corporate governance requirements of the organization
- Deal effectively with potential future events that create uncertainty.
- Respond in a manner that reduces the likelihood of downside/negative outcomes (Risks) and increases the upside/positive outcomes.

4. RISK IDENTIFICATION PROCESS

At the first stage, there should be assessment and acknowledgement of various risks.

The Company, which is operating in the Real Estate business, is continuously subjected to External and Internal business risks.

External risks involve, risks prone to Real Estate Industry as a whole, such as change/s in Government policies, change/s in business cycles affecting sale,

vagaries of nature affecting business like floods, earthquakes, riots, war with enemies, risk of completion, etc., and other external factors beyond the control of the Company.

Internal risks involve such risks internal to the Company which are *prima facie* in the control of the Company, but if not mitigated make the Company perform below its optimum levels despite favourable conditions prevailing in the market.

The significant risks which the Company may encounter are identified, among others, as follows:

1. Competition:

- ✦ Intensification of competition in real estate & construction industry that may adversely impact the revenue/ profitability of the Company.

2. Operational/Project Risks:

- ✦ The Company undertakes/outsources projects jointly with/to third parties which involve certain risks of third parties slowing down the speed of implementation and abandoning the projects mid way.
- ✦ Inaccurate project estimates or delay in making project estimates (with respect to the cost, time & selling price) may impact the profitability of the Company's projects
- ✦ Lack of diversification of business
- ✦ In many projects the Company does not directly own the entire land which may be owned by JV Partners/others.
- ✦ Projects in Real Estate business involve purchasing small parcels of lands within a large area and failure to purchase any strategically located parcels may lead to failure of the entire project.
- ✦ Security risks at various projects to counter the threats of terrorist strikes and other socio economic disturbances and the liabilities arising out of such events.
- ✦ Obtaining of formal clearances and approvals from the authorities is slow and time consuming and may cause delays/ interruption in project execution or even rework/ modifications.
- ✦ Lack of coordination amongst various functional departments, by which there can be mismanagement of the projects. This can also happen due to lack of internal controls, failure of planning and execution in any of the functional areas of management viz, marketing, construction, finance, etc.

3. Legal Risks:

- ✦ The Company may be liable for breach of certain conditions of licenses/approvals and/or other applicable Central and /or State Laws.
- ✦ For alleged non compliance/ violation of various laws applicable to the Company, there may be legal liabilities on the Company and the management. This may arise and be fixed on the Directors, individually or collectively, and all the officers who are involved.

4. Financial Risks:

- ✚ Significant indebtedness of the Company and the conditions and restrictions imposed by its financing arrangements could restrict its ability to conduct its business and operations.
- ✚ The Company may not be able to raise adequate funds at competitive rates to support its development plans
- ✚ High customer outstanding or defaults in payment by customers may adversely affect the working capital cycle of the Company

5. Manpower Risks:-

- ✚ There is inherent risk on account of skilled and specialized manpower. They gain experience working with the Company and need continuous motivation and supervision, so that their efforts are best used in the Company. There is a risk of specialized manpower leaving their employments, joining competitors, sharing confidential information with competitors etc. There is also the risk of them being under-utilized or put in areas where they are misfit.

6. Key Man Risks:

- ✚ The top managements are responsible for overall business success and continuity and in their absence there will be risk on the Company as a whole.

5. RISK MANAGEMENT COMMITTEE

In terms of provisions of the erstwhile Clause 49 of the Listing Agreement and the Companies Act 2013 and its Rules, a Risk Management Committee had been constituted by the Board of Directors of the Company at their meeting held on 14th May, 2014 However the said Committee has been dissolved by the Board of Directors at their meeting held on 11th February 2016 pursuant to SEBI{Listing Obligations and Disclosure Requirements} Regulations 2015 which is applicable to only Top 100 listed entities determined on the basis of market capitalisation and consequently the Company not falling within the said criteria.

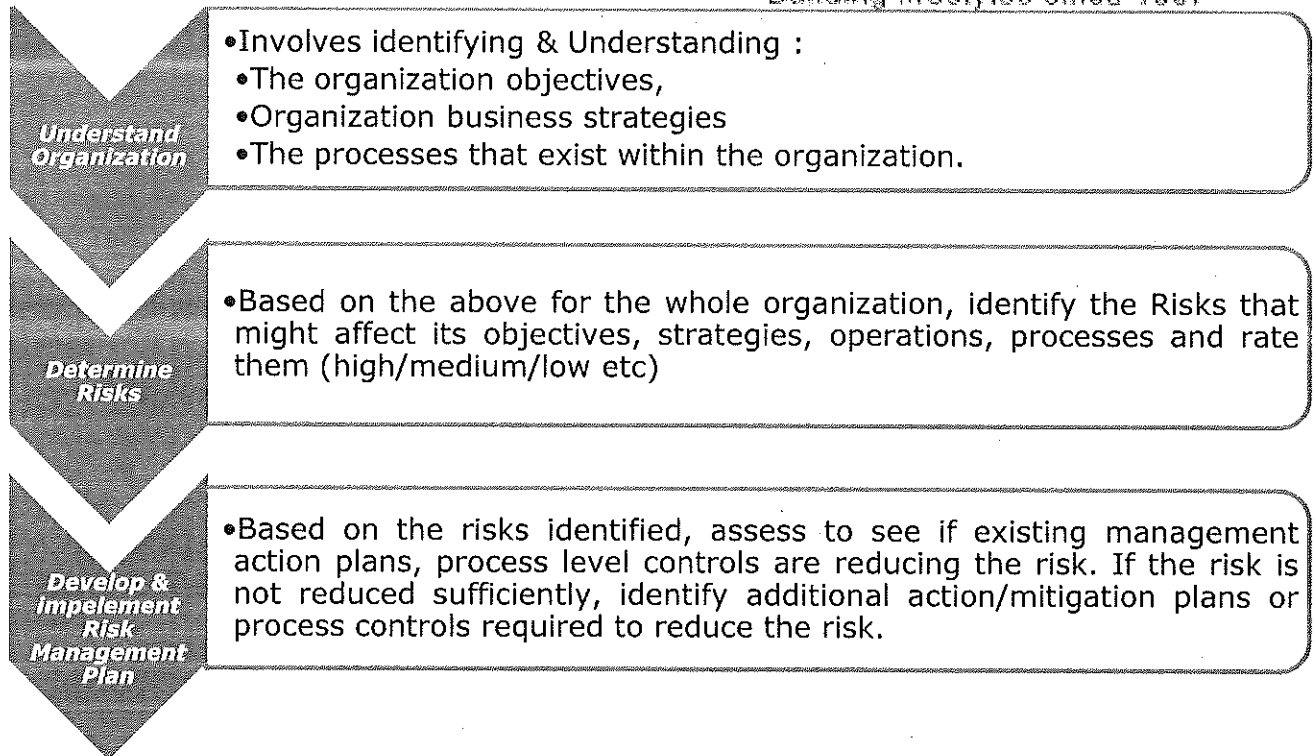
6. RISK MANAGEMENT FRAMEWORK

Risk Management involves:-

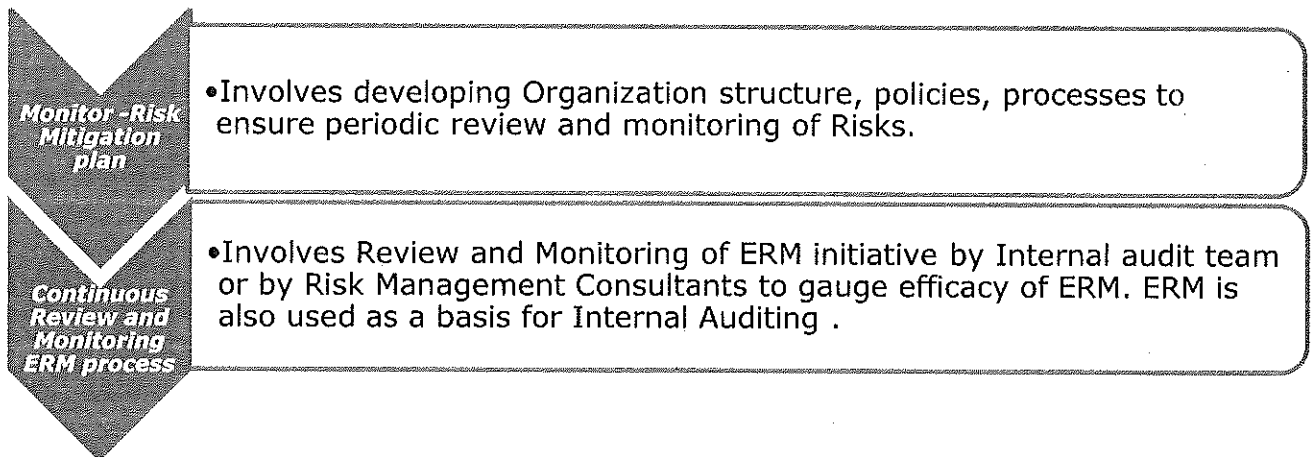
- Identification of the top risks of the Company
- Rating and prioritization of risks
- Development of mitigation plans and key performance indicators for top risks and create template/process for monitoring implementation.
- Identification of Risk Owners/ Risk Co-ordinators
- Evaluation/testing of risks
- Laying down procedures to monitor/ control and reduce/ minimize the risks.

Brief overview of Levels

Level-I Risk Identification and Implementation



Level -II Risk Monitoring and Review



7. RISK MANAGEMENT MINIMIZATION

A detailed identification of the Risks and its minimization process has been established in the Company in consultation with all the concerned Departments/ functions. It is a constant process and is being reviewed periodically.

8. MONITORING & REPORTING FRAMEWORK

There shall be four levels of monitoring and review to be undertaken for Risks of the Company:-

Level {1}: Identified Risk Co-ordinators, at the project levels, who are entrusted with the responsibility of implementation, shall give monthly reporting to Level {2}.

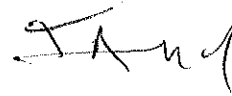
Level {2}: Identified Risk Owners at the project levels who are entrusted with the responsibility are reviewing the progress of ERM. They shall give quarterly reporting to Level {3}.

Level {3}: Identified Chief Risk Officer and RM Committee shall review the Report on half yearly basis and shall give half yearly reporting to Level {4}.

Level {4}: 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 net work.

Disclosure

This Policy shall be disclosed in the Company's web site and in the Annual Report of the Company and a web link provided in the Annual Report.



12th August, 2017

Sushil Ansal
Chairman & Whole Time Director