

*Risk Management Policy*

*For GeeCee Ventures Limited*



*(Effective from 1<sup>st</sup> June, 2016)*

## RISK MANAGEMENT POLICY

### BACKGROUND

(i) GeeCee Ventures Limited (GCL) is 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. The Company's primary activity is promotion and development of real estate projects while it also runs business in capitalisation of funds and generation of electricity through wind mill. The risk associated with capitalisation of funds and with generation of electricity is unlikely to cause any serious impact on company financial and workings. Therefore, this policy mainly covers the risks associated with the primary business of the Company i.e. real estate promotion and development.

This is in compliance with Reg. 17(9) of the Listing Obligations and Disclosure Requirements Regulations 2015 and Companies Act, 2013; which requires GeeCee to lay down procedures about the risk assessment and risk minimization.

(ii) 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.

(iii) Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Audit Committee.

### OPPORTUNITIES AND THREATS

The Government of India has deregulated and liberalized the Real Estate Sector after liberalization of a number of other sectors of the economy. The Growth of India's middle class creating demand for housing, Rising FDI levels have increased commercial space requirements by foreign firms and expansion in organized retail sector.

Fluctuations in market conditions may affect our ability to sell our projects at expected prices, which could adversely affect our revenue and earnings. Potential limitations on the supply of land could reduce our revenue or negatively impact the results of Company's operations.

As seen in the recent past the Government policies have been supportive e.g. reduction in stamp duty and change in the tenancy law and abolition of land ceiling Act.

As in any other business, the real estate sector is also likely to face competition from existing as well as new players, both domestic as well as foreign. However, your Company hopes to address the competitive threat on the strength of its emphasis on quality of construction, adoption of

innovative designs and provision of qualitative services and of course, by using its advantage of experience.

The Company remains firmly committed to its objective of high quality coupled with cost reduction initiatives. The performance of the Company in Contracts Division is satisfactory but sometimes we have to face cost escalation and catastrophic seasonal conditions which cause delay in the implementation of the works. The Company is putting its impetus to real estate sector once again.

The real estate sector in India has undergone rapid changes in the past few years. New competitors have entered the core area of our operations in recent times. The fight for the market share has intensified with competition resorting to higher advertising costs. This combined with substantial increase in costs of critical inputs like cement, steel etc., have neutralized the impact of Government's positive policies for real estate sector.

### *RISK AND CONCERNS*

A big risk which the developers are facing is price risk. Real estate price cycles have the maximum impact on the margins of the developers, because land costs account for a large portion of the constructed property. The other risk to which the developers are exposed is demand risk which indicates the ability to sell properties based on location, brand, track record, quality and timelines of completion. Most real estate developers try to address this risk by undertaking market surveys in order to assess the demand for their properties. Sustained availability of housing loans at a cheaper rate is one of the reasons for growth in demand for housing units. Uncertain interest rates lead to uncertainty in the real estate market. This trend of rising interest rate may dampen the growth rate of demand for housing units. Change in Government Policies including change in Tax structure will also affect the Progress of the Real Estate Industry.

Although major initiatives in the infrastructure of road and transportation have been made, yet the availability of Power still needs the attention of policy makers. The lack of uniformity in the regulatory environment concerning the real estate, as also the availability of quality manpower, and reliable databases on industry, are concerns that need to be addressed for attracting FDI inflows in the industry.

### *RISK MANAGEMENT*

To manage the risk associated with Real Estate Activity, the Company is following a sound and prudent risk management policy. The aim of the policy is to minimize risk and maximize the returns.

The Company has laid down procedures to inform the Board members about the risk assessment, if any, and procedure to minimize the same.

- The Company shall be making investments in an optimum blend of securities consisting of Equity Shares, Preference Shares, and Debt Instruments like Corporate

Bonds, Mutual Funds, and Debt Securities etc. However, the actual composition of securities will depend upon the prevailing market conditions, opportunity available and risk factors associated with those securities.

- The Company shall be making investments in Mutual Fund Schemes of different maturity periods. The company shall extend Loans, secured as well as unsecured, mainly to individuals and entities associated with GeeCee Group. Interest rate and security will be main considerations, while extending such loans.
- The company shall follow very stringent and high safety norms for selecting the property besides higher profit margin and lease rentals available.
- The Company will encourage its managerial personnel to attend various training and educational seminars to have themselves updated with the knowledge of latest developments in the market.
- The Company will try to diversify its investment in different regions within India to have better returns with lesser risk, as per the opportunities available in the market.

### RISK MITIGATION MEASURES

For risk management to be effective, all operations must apply the following measures to the Context of their particular business and its objectives.

Risk response is a process by which the management evaluates and adopts mitigation measures. This should also involve assessment of costs versus benefits of the proposed measures and degree to which the response will reduce impact and/or likelihood of risk events.

- Control activities are the policies and procedures in place to ensure that risk mitigation measures agreed are implemented.
- Information & communication activities ensure that all staff are familiar with risks Identified and mitigation measures and plans. This helps in successful implementation of risk responses.
- Monitoring helps determine the effectiveness of the processes, technologies and personnel executing risk management. To the extent, monitoring should be in-built to on-going monitoring activities, operational, procurement and financial.

### REVIEW

This Policy and any act under this policy should be reviewed as and when found suitable by the Board of Directors.