

**1.1. Objective**

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy ("**Risk Management Policy**") establishes a structured and disciplined approach to Risk Management, including the development of the Risk Register, in order to guide decisions on risk evaluating & mitigation related issues. The Risk Management Policy is in compliance with the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Companies Act, 2013, which requires the Company to lay down procedures about risk assessment and risk minimization.

**1.2. Applicability**

This policy applies to every part of Company's business and functions of all Listed Companies of Lodha Group.

**2. Definitions**

**2.1. Company:** It means all Listed Companies of Lodha Group.

**2.2. Risk:** A probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.

**2.3. Risk Management:** Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

**2.4. Risk Assessment:** Risk Assessment is defined as the overall process of risk analysis and evaluation.

**2.5. Risk Register:** A 'Risk Register' is a tool for recording the risks identified under various operations.

**3. Risk Management**

**3.1.** Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses

**3.2.** All concerned process owners of the company shall be responsible for identifying & mitigating key risks in their respective domains.

**3.3.** The occurrence of risk, progress of mitigation plan and its status will be monitored on periodic basis.

#### **4. Risk Management Procedures**

##### **4.1. General**

Risk management process includes four activities: Risk Identification, Risk Assessment, Risk Mitigation and Monitoring & Reporting.

##### **4.2. Risk Identification**

The purpose of risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives. All risks identified are documented in the form of a Risk Register. Risk Register incorporates risk description, Category, Classification, mitigation plan, responsible function / dept.

##### **4.3. Risk Assessment**

Assessment involves quantification of the impact of risks to determine potential severity and probability of occurrence. Each identified risk is assessed on two factors which determine the risk exposure:

- A.** Impact if the event occurs
- B.** Likelihood of event occurrence

##### **4.4. Risk Categorization**

It is necessary that risks are assessed after taking into account the existing controls, so as to ascertain the current level of risk. Based on the above assessments, each of the Risks can be categorized as – Low, Medium and High.

#### **5. Risk Mitigation**

Identified risks should be mitigated using any of the following Risk mitigation plans:

- 5.1. Risk Avoidance:** By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.
- 5.2. Risk Transfer:** Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging / Insurance.
- 5.3. Risk Reduction:** Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.



## RISK MANAGEMENT POLICY

Policy Number: CS/03  
Policy Owner: Internal Audit  
Approved by: Board of Directors on  
February 16, 2018

**5.4. Risk Retention:** Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater than the total losses sustained. All risks that are not avoided or transferred are retained by default.

### **6. Risk Management Committee**

The Board of Directors of the Company have formed a Risk Management Committee (hereinafter referred to as “**Committee**”) which shall periodically review the risk management policy of the Company so that the management controls the risk through properly defined network.

**6.1.** The composition of the Committee shall be as specified under the Listing Regulations. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.

**6.2.** The Committee shall be responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board on the effectiveness of the risk management program in identifying and addressing material business risks. The role of the Committee shall be as specified under the Listing Regulations.

### **6.3. Monitoring and reviewing risks**

Risk monitoring, reviewing mitigating and reporting are critical components of the Risk Management process. Once risks are identified, it is necessary to prioritize them based on the impact, dependability on other functions, effectiveness of existing controls etc. Process of assessment of Identified risks and mitigation plans will be apprised to the Board from time to time or as specified under the Listing Regulations.

### **6.4. Amendment:**

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

### **6.5. Communication of this Policy:**

This Policy shall be posted on the website of the Company.