



CONTINUING STABILITY

ARIHANT
SUPERSTRUCTURES LTD.
CONTINUING STABILITY

1st August, 2020

Corporate Relations Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 506194 Class of Security: Equity	Listing Compliance Department National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: ARIHANTSUP Series: EQ
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Respected Sir/Madam

Subject: Risk Management policy of the Company.

With reference to the above captioned subject, please find enclosed risk management policy of the Company as required under Regulation 17(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board Meeting concluded at 3:15 pm.

Kindly take the above on your records and inform the Stakeholders accordingly.

You are requested to please take the same on record, and inform the Stakeholders accordingly.

Thanking you,

Yours faithfully,

For & on behalf of the Board of Directors
Arihant Superstructures Limited

Ashok Chhajer
Chairman & Managing Director
DIN: 01965094



RISK MANAGEMENT POLICY

Arihant Superstructures Limited (“the Company”) 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 stakeholder’s interest.

The Company’s Risk Management Policy (“the Policy”) outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

Legal Requirement:

The Policy is formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization.

- I. The Board of Directors of the Company shall form a Risk Management Committee (hereinafter referred to as “Committee”) who shall periodically review this Policy of the Company so that the Management controls the risk through properly defined network. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.
- II. The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the Head of the Departments of every department. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day to day basis.

The Risk Management Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

Opportunities and Threats:

As in any other business, the real estate sector is also likely to face competition from existing as well as new players. However, the 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 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.

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.

Risk and Concerns

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. Change in Government Policies including change in Tax structure will also affect the Progress of the Real Estate Industry.

The company has identified risks that may have a significant impact on the business, if ignored. The company has established a set of proactive and reactive measures to address them. These risks were determined based on detailed analysis of the markets where we operate, nature of our products and services rendered, and inherent risks in various functions.

Risk Management Program:

The Company's risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors as stated above, to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

Oversight and management

Board of Directors

The Board of Directors ("the Board") is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Committees and Senior Management. The Committees or Management may also refer particular issues to the Board for final consideration and direction.

Risk Management Committee

The day to day oversight and management of the Company's risk management program has been conferred upon the Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board of Directors on the effectiveness of the risk management program in identifying and addressing material business risks. To achieve this, the Committee is responsible for:

- ✦ Managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- ✦ Setting up internal processes and systems to control the implementation of action plan
- ✦ Regularly monitoring and evaluating the performance of management in managing risk;
- ✦ Providing management and employees with the necessary tools and resources to identify and manage risks;
- ✦ Regularly reviewing and updating the current list of material business risks;
- ✦ Regularly reporting to the Board on the status of material business risks;
- ✦ Review and monitor cyber security; and
- ✦ Ensuring compliance with regulatory requirements and best practices with respect to risk management.

Senior Management

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim

to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Risk Management Committee regarding the status and effectiveness of the risk management program.

Employees

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

Review of risk management program

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood. The reporting obligation of Senior Management and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Committee, the Senior Management and employees responsible for its implementation

Amendment:

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees 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 or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.