



## **TRANSINDIA REAL ESTATE LIMITED**

*(Formerly known as Transindia Realty & Logistics Parks Limited)*

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**CIN:** L61200MH2021PLC372756

## **RISK MANAGEMENT POLICY**

**(Adopted on August 29, 2023)**

## **PREAMBLE:**

This Company's Risk Management Policy ("**the policy**") is formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") and disclosure requirement Section 134(3)(n) of the Companies Act, 2013 ("**the Act**") read along with other applicable provisions that requires corporates to institute Risk management framework comprising a process for risk assessment and minimization procedures, in order to proactively manage uncertainty and changes in the Internal and External environment to limit negative impacts on the Company and capitalize on opportunities.

## **OBJECTIVE:**

The objective of this policy is to manage the risks involved in all spheres of the activities of the Company to maximize opportunities and minimize the adversity. This policy is intended to assist in decision-making processes that will minimize potential losses, apprise the management of uncertainty and the approach to new opportunities, thereby helping the Company to achieve its objectives. Effective Risk Management requires strategic focus, forward thinking and active approaches to management, Balance between the cost of managing risk and the anticipated benefits and Contingency planning if mission critical threats are realised.

The Objectives of Effective risk management are as follows:

- ❖ To Safeguard the Company property, interests, and interest of all stakeholders
- ❖ To create awareness among the employees to assess risks on a continuous basis and develop risk mitigation plans in the interest of the Company
- ❖ To lay down the framework for Identification of risks, analysis and evaluation of risks, prioritization of risks, development of Risk Mitigation plans, Monitoring and reporting on the Risk Environment of the Company.
- ❖ To protect brand value through strategic control and operational policies
- ❖ To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- ❖ To reduce volatility in various areas of business.

## **SCOPE:**

This Policy Standard sets out the detailed requirements and minimum levels of achievement necessary to implement the risk management elements of the business. This policy facilitates management of risks associated with our activities and minimize the impact of undesired and unexpected events. Taking and managing appropriate levels of risk is an integral part of all our business activities. Risk Management, performed rigorously and comprehensively, creates stability, indirectly contributes to profit and is a key element of reputation management.

## **DEFINITIONS:**

**"Risk"** means the chance of something happening that will have an impact on the achievement of the Organisation's objectives. Risk is measured in terms of consequences and likelihood.

**“Risk Assessment”** means the systematic process of identifying and analysing risks, which shall cover Risk Identification and Categorization, Risk Description and Risk Estimation.

**“Risk Management”** means 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.

**“Risk Management Process”** means the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

All the terms not defined herein shall have the meanings assigned to them as per the provisions of the act and SEBI Listing Regulations.

## **RISKS AND CONCERNS**

### **1. Operational and Liquidity risks**

Infrastructure projects generally have long gestation periods which may result in inordinate delays in recovery of dues, which may have a direct impact on the liquidity position of the Company and may affect the operations and earnings of the Company.

Quick and just turnover of projects depends on competency of the Company as well as availability and proper deployment of skilled manpower. Any gap therein may affect the Company’s performance.

### **2. Risks associated with Strategy and Competition**

We operate in a competitive and rapidly changing market and compete with both domestic as well as international Companies in the business of urban infrastructure. Economics of scale with competitors and unfair competition can affect our operations thereby affecting market share and business.

### **3. Risks Factors:**

The objectives of the Company are subject to risks that are external and internal as enumerated below:

#### **➤ External Risk Factors**

- Economic Environment and Market conditions
- Fluctuations in Foreign Exchange
- Political Environment
- Competition
- Revenue Concentration
- Inflation and Cost structure

- Technology Obsolescence
- Economical Social and Governance

#### ➤ **Internal Risk Factors**

- Financial Reporting Risks
- Contractual Compliance
- Compliance with Local laws
- Quality and Project Management
- Environmental Management
- Human Resource Management
- Culture and values
- Cyber & IT security threats

### **RISK MANAGEMENT POLICY**

In order to fulfil the objectives of this policy and lay a strong foundation for the development of an integrated risk management framework, the policy outlines the following guiding principles of Risk Management:

1. All business decisions will be made with the prior information and acceptance of risk involved.
2. The Risk Management Policy shall provide for the enhancement and protection of business value from uncertainties and consequent losses.
3. All employees of the company shall be made aware of risks in their respective domains and their mitigation measures.
4. The risk mitigation measures adopted by the company shall be effective in the long-term and to the extent possible be embedded in the business processes of the company.
5. Risk tolerance levels will be regularly reviewed and decided upon depending on the change in company's strategy.
6. The occurrence, progress and status of all risks will be promptly reported and appropriate actions be taken thereof.

### **RISK STRATEGY OR MITIGATION OF RISK POLICY**

Based on the Risk level determined and reviewed from time to time, the company should formulate its Risk Management Strategy. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

To achieve the effective Risk mitigation strategy, following framework shall be used:

- a. **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.
- b. **Risk Transfer:** Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

- c. **Risk Reduction:** Employing methods/solutions that reduce the severity of the loss.
- d. **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 over time than the total losses sustained. All risks that are not avoided or transferred are retained by default.

This includes risks that are so large that they either cannot be insured against or the premiums would be infeasible.

## **RISK MANAGEMENT SYSTEM**

As a diversified enterprise, the company has always had a system- based approach to business risk Management backed by strong internal control systems & risk management framework.

## **ROLES AND ACCOUNTABILITIES IN RISK MANAGEMENT**

Every staff member of the Organisation is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

### **Regulatory requirements and role of various authorities:**

#### ➤ **The Board of Directors ('Board')**

The Directors shall ensuring that a risk management system is established, implemented and maintained in accordance with this policy. Assignment of responsibilities in relation to risk management is the prerogative of the Chairman / Managing Director or the Board.

#### ➤ **The Audit Committee**

The Audit Committee shall act in accordance with Section 177 of the Act and Regulation 18 read with part C of Schedule II of the SEBI Listing Regulations, which shall, inter-alia, include evaluation of risk management systems

#### ➤ **Independent Directors**

As per Section 149 of the Act, the Independent Directors,

1. shall help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

### ➤ **Senior Executives**

Senior Executives are accountable for strategic risk management within areas under their control including the devolution of the risk management process to operational managers. Collectively the Senior Executives shall be responsible for:

- Implementation of this policy within their respective areas of responsibility;
- The formal identification of strategic risks that impact upon the organizational goal;
- Allocation of priorities;
- The development of strategic risk management plans; and
- Ensuring compliance with risk assessment procedures

### ➤ **Human Resources – Head**

The head of HR shall ensure for the occupational health and safety and workers compensation portfolio, procedures and administration. Advice will be sought, as required, from the Director Internal Audit/Risk Manager on risk management issues in relation to these matters.

### ➤ **Internal Audit**

The purpose of the internal audit is to provide an independent, objective review of the company's key financial and operational controls and the effective management of risk.

The Internal Auditor shall be accountable for the implementation of this policy in key areas of the Organisation, maintaining a programmer for risk reassessment and a Risk Registers for the Organisation. Key areas will flow from the risk management plan developed by Senior Executives. The Internal Audit will provide advice to the Audit Committee and Board on risk management matters pertaining to the Company's financial stability and to occupational health and safety and workers' compensation issues.

### ➤ **External Audit**

External Audit is responsible for providing an opinion on the truth and fairness of the annual financial report. In doing so, they shall assess the management of risk and key internal control systems.

## **Business Continuity Plan (BCP)**

Business continuity plans will be defined for High risk events to enable rapid response, and for protection of people and assets, in the event such risks materialize. Business Continuity Planning shall also be defined for critical facilities, technology function, etc. The risk owners will be responsible for laying out the crisis response mechanism, communication protocols, and conducting periodic training to ensure preparedness for business continuity.

## **General**

The Board of the Company shall periodically review the risk management policy of the Company so

that management controls the risk through properly defined network. 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 Audit Committee and the Board.

The decision of the Board with regard to any or all matters relating to this policy shall be final and binding on all concerned. The Board shall have the power to modify, amend or replace this policy in part or full as may be thought fit from time to time in their absolute discretion.

## **LIMITATION AND AMENDMENT**

The Board of Directors of the Company may, in its discretion and on the recommendation of the Audit Committee, make any changes / modifications and/or amendments to this Policy from time to time.

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 (“Act”) or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) or any other statutory enactments, rules, the provisions of the Act or LODR Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

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