

PURAVANKARA LIMITED

CIN: L45200KA1986PLC051571

RISK MANAGEMENT POLICY

(Approved by Board of Directors on 12.01.2026)

Table of Contents

Sl. No.	Contents	Page No.
1.	Objectives of the Risk Management Policy	3
2.	Need for Risk Management Policy/ Legal Framework	3
3.	Scope and Applicability of the Policy	3
4.	Review and Amendments	3
5.	Risk Management System	3-4
6.	Risk Management	4
7.	Business Continuity Plan and Disaster Management	4-5
8.	Constitution of Risk Management Committee	5
9.	Meeting of the Committee	5
10.	Quorum	5
11.	Implementation of Risk Management Policy	5
12.	Disclosure in Board's Report	6
13.	List of Risks and possible impact with Action to Mitigate and Control	7-14

1. OBJECTIVES OF THE RISK MANAGEMENT POLICY:

- A. To ensure that all the **Current and Future Material Risks** of the Company are Identified, Assessed / Quantified and effective steps are taken to Mitigated / Minimized the effects emanating from such Risks, to assure business Growth with financial stability.
- B. To enable compliance with appropriate Regulations, wherever applicable.

2. NEED FOR RISK MANAGEMENT POLICY / LEGAL FRAMEWORK:

The provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable to top 1000 listed entities, determined on the basis of market capitalisation, as at the end of the immediate previous financial year.

“RISK MANAGEMENT

- A. The Company shall lay down procedures to inform Board members about the **Risk Assessment and Risk Minimization Procedures**.
- B. The Board shall be responsible for Framing, Implementing and Monitoring the **‘Risk Management Policy’** for the Company.
- C. The Company shall also constitute a **‘Risk Management Committee’**. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and / or reviewing of the Risk Management Plan to the Risk Management Committee, including such other functions as it may deem fit.”

The **Risk Management Committee (RMC)** is required to **Recommend a Risk Management Policy (RM Policy)** for the Company, **for the Approval by the Board of Directors of the Company**.

3. SCOPE AND APPLICATION OF THE POLICY:

This Policy shall apply to all the areas of the Company’s Operations.

4. REVIEW & AMENDMENTS:

This Policy shall be reviewed by the Risk Management Committee and the Audit Committee on such intervals as may be necessary for smooth and robust business operations of the Company. The suggestions of the RMC and the Audit Committee shall be placed before the Board for confirmation and modification of the Policy. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

5. RISK MANAGEMENT SYSTEM:

The overall Risk Management System of the Company shall broadly comprise of the following activities which will be distributed between the Board, Audit Committee, RMC:

1. Risk identification;
2. Risk evaluation and assessment and prioritization;
3. Distributing and allocating of the Risk Management to the Committees;
4. Risk treatment and mitigation;
5. Risk monitoring and reviewing

6. RISK MANAGEMENT:

RISK MANAGEMENT = RISK IDENTIFICATION, RISK ASSESSMENT AND RISK MINIMIZATION PROCEDURES.

Risk Management is a structured approach to manage uncertainty related to a threat, through a process of Risk Identification and Management process. In business enterprise, risk management includes the methods and processes used by organisations to manage risks related to the achievement of their objectives.

Risk Management typically involves the following Process:

- **Risk Identification: Identifying** particular events or circumstances relevant to the organization's objectives.
- **Risk Assessment: Assessing** them in terms of magnitude of impact & Prioritize risk with regard to probability of its occurrence.

Risk Minimization / Mitigation: Implementing all of the planned Methods for Risk Minimization / Mitigation. Monitoring the progress of risk mitigation and control activities to ensure identified objectives are complete or in process. Monitoring should be ongoing and the concerned should provide progress reports to Management on a periodic basis.

- Clear assignment of Responsibilities and accountability
- Management Reporting

By identifying and proactively addressing risks and opportunities, business enterprises protect and create value for their stakeholders, including owners, employees, customers, regulators, and society at large.

Risks can be broadly classified as follows:

A. Company Specific Risks:

Company specific risks are those risks for which the mitigation measures lie largely within the power and control of the Management. Further these Risks are presented in the order of priority.

B. Industry Risks:

Industry risks are those which the Management of the Company has very limited control over the same.

7. BUSINESS CONTINUITY PLAN AND DISASTER MANAGEMENT

The Company is dedicated to uninterrupted operation to safeguard shareholders' value, enhance governance, accomplish strategic objective and be well-prepared for adverse circumstances. It will strive to maintain the policy scope under any disruptive and/ or unnatural events to safeguard and limit economic damages to people, the environment, other living organisms, and their ecosystem.

The Company will ensure effective implementation of the business continuity policy by following:

- Impact Analysis: Identifying crucial activities that assist in smooth and effective running of the business. This enables the company to promote a pro-active risk management approach.
- Resource Planning: Allocating adequate resources and management energy to maintain business continuity.
- Stakeholder Management: Meeting stakeholders' expectations including customers, suppliers, and employees for business continuity by delivering capabilities and managing redundancies through internal control system.
- Learning and Development: Strengthening business continuity by implementing learning and development mechanism.
- Disaster Recovery: Delineating disaster management plans as per guideline from National Disaster Management Authority for unforeseen and astonishing exigencies while appropriately and adequately responding to eventually of such circumstances.

8. CONSTITUTION OF THE RISK MANAGEMENT COMMITTEE:

- i. The board of directors shall constitute a Risk Management Committee.
- ii. The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director.
- iii. The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.

9. MEETING OF THE COMMITTEE:

The Risk Management Committee shall meet at least twice in a year.

The meetings of the Risk Management Committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

10. QUORUM:

The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

11. IMPLEMENTATION OF RISK MANAGEMENT POLICY:

Respective Head of Departments (**HOD's**) shall be responsible for Implementation of the Risk Management Policy, as may be applicable to their respective areas of functioning and report to the Audit Committee or Board of Directors of the Company.

12. DISCLOSURE IN BOARD'S REPORT:

The Report of the Board of Directors of the Company shall include a statement as to the Adequacy of Internal Control Systems within the Organisation for its business process at all the levels and also the identified areas of risks where the Company is susceptible.

Listed below are the various events **Risk Identification / Risk Assessment** and the possible impact with **Action to Mitigate and Control (Risk Minimization Procedures)** such probabilities.

INDUSTRY RISKS				
Sl. No.	Risk description	Business process	Impact factors	Mitigation measures
1.	Slump in the real estate market/ Significant decline in property prices.	Business development	<ul style="list-style-type: none"> • Reduction in property prices • Impact on demand for properties 	<ul style="list-style-type: none"> • Vast majority of Purva brands sold at Rs. 6,000 per square feet • Certain flexibility in pricing has also enabled the Company to mitigate this factor. • Low land acquisition costs • Ability to adapt to changing circumstances • Low outstanding on land payments • Efforts to reduce construction cost through value engineering
2.	Declining affordability as a result of increase in loan interest rates, withdrawal of tax benefits and decrease in availability of home loans	Business development	<ul style="list-style-type: none"> • Decreased demand for properties 	<ul style="list-style-type: none"> • Vast majority of Purva flats priced at Rs. 6,000 per square feet • Flexible pricing policy • Low cost affordable housing – Provident, which is fast moving
3.	Compulsory land acquisition by government due to development of infrastructure projects	Land acquisition	<ul style="list-style-type: none"> • Delay in project completion • Exposure to legal disputes and related costs • Exposure to additional costs if changes are required to be made to the master plan 	<ul style="list-style-type: none"> • Review of city infrastructure plan/Possibility of future expansion of roads considered • NOC's from government prior to purchase • Project commenced only after receipt of sanctions from relevant authorities
4.	Loss due to natural calamities	Project execution	<ul style="list-style-type: none"> • Financial loss • Inability to complete projects on schedule 	<ul style="list-style-type: none"> • Appropriate insurance policies • Disaster recovery plan/Business continuity plan to be rolled out
5.	Inability to grow existing land bank as desired due to inability/delay in procuring contiguous land for large projects, inability to build land bank at strategic locations at low costs, among others	Business development	<ul style="list-style-type: none"> • Inability to grow business 	<ul style="list-style-type: none"> • Focus on new acquisitions in other potential locations of Bengaluru • Existing land bank will last for next five years

COMPANY SPECIFIC RISKS				
Sl. No.	Risk description	Business process	Impact factors	Mitigation measures
1.	Uncertainties/ Irregularities pertaining to land titles acquired/developed by Company due to inadequate due diligence, forged documents, JD partners not having clear titles to land, among others	Land acquisition	<ul style="list-style-type: none"> • Inability to transfer title • Exposure to legal disputes and related costs • Impact on land valuations 	<ul style="list-style-type: none"> • Due diligence by independent and in-house counsel • Representations/Encumbrance certificates • Advertisements/Public notices in newspapers • Suitable monetary compensation to settle disputes • Experience of over 4 decades • Title Insurance can be taken selectively. In any case, title insurance has to be taken as per section 17 of RERA once notified by the Govt.
2.	Delays in completion of projects due to shortage of skilled labour, material, contractors and delays by contractors, among others	Project execution	<ul style="list-style-type: none"> • Higher construction costs • Impact on reputation/Customer dissatisfaction • Payment of penalties to customers 	<ul style="list-style-type: none"> • Increased usage of mechanised equipment • Supply of labour outsourced to sub-contractors • Dedicated planning department with improved monitoring systems • Penalty clauses for delay in agreements with contractors • Usage of newer and appropriate systems, processes and technologies to minimize external dependencies
3.	Sub-standard construction quality due to dependence on third parties, absence of adequate number of quality structural consultants, sub- standard quality of raw material, among others	Project execution	<ul style="list-style-type: none"> • Delay in project completion • Impact on reputation • Abortive costs • Potential litigation risk • Defects liability period risk 	<ul style="list-style-type: none"> • In-house construction and quality team • Use of snagging checklists • Structure certified by governmental authorised consultants • Defects liability insurance to be taken • Expert opinion from best in class local consultants • Contractual arrangements to ensure material & service quality standards
4.	New territory risks arising from uncertainty in the natural parameters,	Project execution	<ul style="list-style-type: none"> • Delay in project completion due to various reasons • Impact on reputation 	<ul style="list-style-type: none"> • Expert opinion from best in class local consultants sought, with second opinion wherever required

	inadequate knowledge of local regulations, dilution of control, among others		<ul style="list-style-type: none"> • Abortive costs • Project costs incorrectly estimated, rise in overall costs 	<ul style="list-style-type: none"> • Location audits on process implementation effectiveness
5.	Loss due to theft, accidents at site, defects, among others	Project execution	<ul style="list-style-type: none"> • Financial loss • Impact on reputation 	<ul style="list-style-type: none"> • Adequate insurance policies • Security guards • Separate stores management team • Rotation of stores personnel • Asset management system
6.	Inability to adopt/adapt to new technologies	Project execution	<ul style="list-style-type: none"> • Impact on quality of construction • Delay in project completion • Impact on margins 	<ul style="list-style-type: none"> • Key Management personnel understands and is abreast with the latest technology • MIVAN technology sufficient for next few years • Proposed pre-cast technology usage (initially)
7.	Death of labourers/ construction personnel on site/Accidents on site due to non-adherence to safety procedures, non-enforcement of safety procedures	Project execution	<ul style="list-style-type: none"> • Delays in the project • Compensation/ • Litigation costs • Impact on reputation 	<ul style="list-style-type: none"> • Safety officers • Safety programmes • Workmen's insurance policy • Workers employed through contractors are insured by the contractors • Location audits • Company proposes to apply for a safety award
8.	Inability to attract and retain employees as a result of increased opportunities in the market, higher salaries offered by competition and employee dissatisfaction with company policies/processes	Human resources	<ul style="list-style-type: none"> • Loss of expertise and continuity • Higher recruitment and training costs • Delay in project execution 	<ul style="list-style-type: none"> • Fast growing company - opportunities are better • Site visits by HR personnel • Defined appraisal system to provide career guidance and feedback • Compensation benchmarking survey • Innovative loyalty building programmes • Introduction of best industry practices • Separate department for grievances of employees and mitigating the same periodically Eg: exit interviews • Skill development programmes across sites and offices

9.	Significant dependence on few members of management/Loss of key management personnel	Human resources	<ul style="list-style-type: none"> • Loss of experience/expertise • Loss of key relationships 	<ul style="list-style-type: none"> • Adequate systems and structure for smooth transition • Introduction of succession plan for key managerial personnel
10.	Inadequate systems security due to absence of secure transmission lines, absence of an IT policy indicating safe system usage mechanisms, inadequate access controls to ERP, among others	Information technology	<ul style="list-style-type: none"> • Loss/pilferage of confidential data 	<ul style="list-style-type: none"> • Formal IT policy • Secure connectivity systems to address data integrity through transmission between sites and all offices • Strengthening existing controls in ERP • Centralised mail server
11.	Use of unlicensed software due to absence of a software usage policy, periodic monitoring mechanism, among others	Information technology	<ul style="list-style-type: none"> • Penalties for use of unlicensed software 	<ul style="list-style-type: none"> • Microsoft software asset management review • IT policy indicating software usage to be rolled out • Periodic monitoring mechanism • Group Policy Controls to prevent use of unauthorized software
12.	High network downtime resulting in unavailability of data	Information technology	<ul style="list-style-type: none"> • Unavailability of data • Delays in payments that could result in delay in Project timelines • Delay in providing information to customers/potential customers 	<ul style="list-style-type: none"> • Rollout of backup lines
13.	Inadequate systems security due to absence of secure transmission lines, absence of an IT policy indicating safe system usage mechanisms, inadequate access controls to ERP, among others	Information technology	<ul style="list-style-type: none"> • Loss/pilferage of confidential data 	<ul style="list-style-type: none"> • Comprehensive, Well-defined controls are being practiced to regulate access to organization's Systems and Information. • Secured MPLS Links & VPN Tunnels are established to ensure data integrity in transmissions between sites/offices. • Secured the Web Access to • ERP System through SSL Certificates. • Centralized Mailing Service both on On-premise and Cloud (O365).

				<ul style="list-style-type: none"> • Extensive threat protection on Email Communications through O365 and Trend Micro Suites.
14.	<p>Inadequate systems security due to cyber security issues such as –</p> <ul style="list-style-type: none"> - hacking - financial data security - customer data security Other business data security 	<p>Information technology-</p> <ul style="list-style-type: none"> - Anti-virus - Firewalls - Cloud safety measures - Employee data transmissions 	<ul style="list-style-type: none"> • Loss/ pilferage of confidential data 	<ul style="list-style-type: none"> • Trend Micro Security Suite protects against integrated threats through End-points and Network Data. • Redundant Firewalls are in place to secure a Network from both Internal and External Threats. Provides defense against unauthorized connections, potential attackers etc. • Aruba Enterprise Wi-Fi System 7010 with Clearpass Network Access Control (CPPM) Solution secures digital workplace including WAN Traffics. • All external User Access to Corporate Data is being • allowed only through SSL-VPN
15.	<p>The Server Room is not fully supported with Redundant Power, Colling and Environmental Monitoring System etc.</p>	<p>Information technology- Unavailability/ Inaccessible to business data, Enterprise Applications, Emails etc.</p>	<ul style="list-style-type: none"> • Unavailability / Inaccessible to business data 	<ul style="list-style-type: none"> • Revamping Project is ON and expected to close by Q4/FY19- 20
16.	<p>Inadequate systems security due to absence of secure transmission lines, absence of an IT policy indicating safe system usage mechanisms, inadequate access controls to ERP, among others</p>	<p>Information technology</p>	<ul style="list-style-type: none"> • Loss/pilferage of confidential data 	<ul style="list-style-type: none"> • Comprehensive, Well-defined controls are being practiced to regulate access to organization’s Systems and Information. • Secured MPLS Links & VPN Tunnels are established to ensure data integrity in transmissions between sites/offices. • Secured the Web Access to ERP System through SSL Certificates. • Centralized Mailing Service both on On-premise and Cloud (O365). • Extensive threat protection on Email Communications through O365 and Trend Micro Suites.

17.	Non-compliance with requirements of labour laws and other relevant rules and regulations due to inadequate knowledge of requirements, absence of a mechanism to obtain assurance, unorganised nature of labour market, expansion into new geographies, among others, time schedules under RERA.	Compliance	<ul style="list-style-type: none"> • Fines/Penalties/ Imprisonment for non-compliance 	<ul style="list-style-type: none"> • In-house expert on relevant regulations • Use of best in class external consultants • Periodic monitoring of checklists that list requirements of VAT, Service Tax, GST, Company's Act and Income Tax • System controls for tax compliance • Robust Internal audit • Dedicated person to track compliance with labour laws • Distribution of detailed checklists to all relevant departments • Proof of compliance prior to making contractor payments • Periodical internal training • Continuous monitoring of project schedule to meet RERA requirements; Phase wise launches
18.	Customer dissatisfaction with the Sales processes due to over commitments/ incorrect information provided by sales personnel, customisation requirements not being adequately addressed, delays in processing agreements, among others	Sales and marketing	<ul style="list-style-type: none"> • Customer dissatisfaction and hence loss of reputation • Loss of potential customers • Growth • Margins 	<ul style="list-style-type: none"> • Mock flats with specifications • Adequate redressal system for property complaints • Updates on progress of the project through website/ mails • Minimal customisation • Projects launched only after receipt of all requisite sanctions • Process of generating/ executing agreements being streamlined • Periodic review of complaints received and action taken.
19.	Customer dissatisfaction with after sales processes due to lack of a well-defined customer redressal system, disputes over cancellation charges, inadequate property management, post-sale	Sales and marketing	<ul style="list-style-type: none"> • Customer dissatisfaction and hence loss of reputation • Loss of potential customers • Growth • Margins 	<ul style="list-style-type: none"> • Dedicated customer care department. Target of 24 hours for acknowledging customer queries/complaints • Cancellation charges transparently mentioned in the application forms and sale agreements • PPL handles property management

20.	Reduced margins due to significant escalation in material, labour costs post project commencement/ineffective planning, among others	Project execution and sales and marketing	<ul style="list-style-type: none"> • Reduced margins 	<ul style="list-style-type: none"> • Selling strategy - only a certain percentage of apartments are sold upfront • 5% contingency margin in initial estimates, reviewed regularly • Implementation of newer technology to reduce construction timelines • Dedicated Planning department
21.	Inability to anticipate and respond to consumer requirements due to inadequate market research and analysis	Business development and sales and marketing	<ul style="list-style-type: none"> • Lower demand for properties 	<ul style="list-style-type: none"> • Extensive market Research • Direct sales • Know Your Customer initiatives • Analysis of buying patterns/size of loan disbursements
22.	Presence of fly-by-night operators resulting in decreased demand for Purva properties	Business development	<ul style="list-style-type: none"> • Loss of potential customers • Educate customers and assess impact 	<ul style="list-style-type: none"> • High quality of construction • Established brand name • Experience of 40+ years
23.	Issues with JV partner	Business development	<ul style="list-style-type: none"> • Impact on types of projects that the Company undertakes • Growth 	<ul style="list-style-type: none"> • Clearly defined commercial terms for successful relationship
24.	Inability to use acquired land for intended purpose due to non-compliance with permitted land uses, inability to transfer titles to land	Business development	<ul style="list-style-type: none"> • Exposure to legal disputes and related costs • Delayed project commencement/ Project abandonment • Surrender of excess land held over ceiling 	<ul style="list-style-type: none"> • Comprehensive development plan • Land in green zones/land not zoned is not purchased • Agreements to sell/MoUs in Company's favour • Comprehensive Due diligence process • Involvement of senior management
25.	Inability to obtain financing/financing on favourable terms, due to downgrading of debt rating, liquidity crunch, among others	Finance	<ul style="list-style-type: none"> • Higher financing costs • Mismatch in cash flow 	<ul style="list-style-type: none"> • Maintain optimum net debt-equity ratio • Asset quality is standard • Sell initially well to cover costs and achieve financial closure • Ensure project level cost flows are positive • Regular review of financing obligations, and pro-active course correction • Period review of the loans • Portfolio with plan for restructuring

26.	Risk of capturing and/or reporting incorrect/inaccurate financial information	Financial reporting	<ul style="list-style-type: none"> • Incorrect financial reporting 	<ul style="list-style-type: none"> • Centralisation of accounting system, procurement, payments • Audit of controls • Periodic consultation with audit firms
-----	---	---------------------	---	---

Notes:

1. All risks described above are inherent to the Company and the market in which it operates.
2. Company specific risks are those risks for which the mitigation measures lie largely within the power and control of the management. Industry risks are those which the management has very limited control over. Risks are presented in the order of priority.