

RISK MANAGEMENT POLICY OF MANJEERA CONSTRUCTIONS LTD

In India, Risk Management framework has been made mandatory by SEBI under Clause 49 of the Listing Agreement with the Stock Exchanges. The management of the Company has to include review of various risks faced by an organization and the way of mitigating the same.

The construction industry in India is primarily associated with the risks of world-wide economic slowdown, political instability, natural disasters, Price inflation of construction materials, Variations by the client, Excessive approval procedures in administrative government departments, Institutional owners of major construction projects are faced with a series of critical issues. For many institutions, capital expenditures are reaching an all time high, and represent a potential substantial risk in nearly all aspects of project delivery which ultimately have direct and indirect impact on the revenues of the construction companies. Further the competition in the local market is another risk inherent.

The Company has taken suitable measures to mitigate the various risks associated with the Manjeera Constructions Ltd, Hyderabad. Adequate insurance policies have been taken by the company which is reviewed by the Audit Committee every quarter.

The Company has taken appropriate steps to strengthen the security, therefore there is Round the clock monitoring CCTV, Stationing Security guards at the entrance. Also appropriate measures are followed with regard to Fire related issues by the company.

The Company takes utmost care to mitigate customer attrition risk where by the Company takes feedback from the customers and takes necessary steps to meet their requirements at the earliest.

The Company has implemented a web based integrated software solution with an objective of achieving standard processes, close monitoring of project progress, budget vs. actual and improving operational efficiency. The new software called Q-Neon caters to the specific needs of construction industry under Customer Relationship Management, Estimation, Project Execution, Procurement, Financial & Cost Accounting, Human Resources and Web Portals for Customers, Contractors, Vendors and Employees. The implementation process has commenced on 24th October, 2013 and it came on Live from 1st April, 2014. Consequent to the implementation of Q-Neon, all the Group Companies are able to have track of the Project Estimate, Cost of Work completed, cost of material Consumed, Stock Balances, Stock Movements and several other MIS reports which are helpful in risk mitigation. Further, due to access permissions granted in QNeon to different employees, depending upon their functions & role, there is a track of employee-wise creation, submission and approval of activities.