RISK MANAGEMENT POLICY

of

ABHA PROPERTY PROJECT LTD.

1.**BACKGROUND**

Section 134(3) of the Companies Act, 2013 requires a statement to be included in the report of the board Abha Property Project Ltd. (APPL) for development and implementation of a risk management policy for the Company, including identification therein of elements of risk, if any, which, in the opinion of the Board, may threaten the existence of the Company.

The Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

Furthermore, Regulation 21 of Listing Regulations, the company through its Board of Directors shall constitute a Risk Management Committee. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

2.**PREAMBLE**

Risk management Policy helps organisations to put in place effective frameworks for taking informed decisions about risk. The guidance provides a route map for risk management, bringing together policy and guidance from Board of Directors, Company's etc. It outlines a recommended approach that will help to achieve more robust risk management.

Risk Management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events. Business risk evaluation and management is an ongoing process within the Company. Hence, no separate Acknowledgements:
is formulated.

3.**ABOUT ABHA PROPERTY PROJECT LTD.**

Abha Property Project Ltd. was incorporated with the Registrar of Companies on 10th May 1985 with registration no. 20893 in the state of Delhi with the Registrar of Companies Delhi & Haryana.

The Registrar office of the company has been changed from Delhi to Kolkata, West Bengal and subsequently a fresh certificate of Incorporation consequent to such change of address on 19th November, 2001 by the Registrar of Companies, Kolkata with registration no. 093941.

Our company is a NBFC registered with the RBI to carry out NBFC activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration No. 14.00806. We operate as a Non Deposit taking Non Banking Finance Company engaged primarily in the business of advancing loans and investing/trading in securities.

Our Company has been able to give the significant upward performance in terms of Sales, Profitability from the last five years. The financial parameters of the company are the indicators of its performance and the company has been able to outshine and stand among the other players in the Finance Industry.

4.<u>OBJECTIVE AND PURPOSE</u>

The objective is to minimize the adverse consequence of risks on business objectives the Company, a risk management policy has been framed has framed. The guidance provides a route map for risk management, bringing together policy and guidance from Board of Directors.

Importance of Risk Management

A certain amount of risk taking is inevitable if the organization is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance by contributing to:

- Increased certainty and fewer surprises, Better service delivery,
- More effective management of change, More efficient use of resources,
- Better management at all levels through improved decision making, Reduced waste and fraud,
- and better value for money, Innovation,
- Management of contingent and maintenance activities.

5.<u>RISK MANAGEMENT PROGRAM</u>

Risk management is a continuous process that is accomplished throughout the life cycle of a Company. It is an organized methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations; and tracking the implementation to ensure successful risk reduction. Effective risk management depends on risk management planning; early identification and analyses of risks; early implementation of corrective actions; continuous monitoring and reassessment; and communication, documentation, and coordination.

Our risk management approach is composed primarily of three components:

Risk Identification

In order to identity and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company majorly focuses on the following types of material risks:

- Commodity risk;
- technological risks;
- operational risks;
- competition risk;
- quality risk;
- cost risk;
- legal/regulatory risks.
- Business risk; etc.

Risk Assessment

Risk assessment allows an entity to consider the extent to which potential events have an impact on achievement of impact.

Risk Analysis

Risk Analysis is to be conducted using a risk matrix for likelihood and Impact, taking the existing controls into consideration. Risk events assessed planning and implementation; low and medium risk to be tracked and monitored on a watch list.

Risk Mitigation Strategy

Risk mitigation options viz. risk avoidance, risk reduction, risk acceptance and risk transfer are considered in determining the suitable risk mitigation strategy. For the risk mitigation steps, the cost benefit analysis needs to be evaluated. Action plans supporting the strategy are recorded in a risk register along with the timelines for implementation.

Control and Monitoring Mechanism

Risk management uses the output of a risk assessment and implements countermeasures to reduce the risks identified to an acceptable level. This policy provides a foundation for the development of an effective risk register, containing both the definitions and the guidance necessary for the process of assessing and mitigating risks identified within functions and associated processes.

5.RISK MANAGEMENT COMMITTEE

The Board has not constituted the Risk Management Committee, as the same is not applicable for the company. As of now constitution of Risk Management Committee is mandatory for certain listed entities only. Regulation 21 of SEBI (LODR) provides for the constitution of a Risk Management Committee by a listed company. Clause (5) provides that constitution of such committee is mandatory for top 100 companies initially and later to top 500 companies the regulation was applicable, now it may be noted that the regulation is applicable only the top 1000 listed companies on the basis of market capitalization as at the end of the immediate preceding financial year.

6.AMENDMENTS:

This policy may be amended subject to the approval of Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard), from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.

7.Disclaimer

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.