

RISK MANAGEMENT POLICY

A. PREAMBLE

The Risk management is an integral component of good corporate governance and fundamental in achieving the company's strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder value. Absolute Projects (India) Limited (hereinafter, referred to as the "**Company**") desires to refine its organizational wide capabilities in risk management so as to ensure a consistent, efficient and effective assessment of risks in the achievement of the Company's objectives. It views risk management as integral to its objective of creating and maintaining business continuity, shareholder value and successful execution of its strategies. The Company's Risk Management Policy ("**Policy**") provides the framework to manage the risks associated with its activities. It is designed to identify, assess, monitor and manage risk.

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

- a) 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.
- b) The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day-to-day basis.

B. SCOPE AND OBJECTIVE

1. This Policy details the Risk Management principles and framework along with the associated procedures for the Company. This Policy has been established by the management, to identify, assess, mitigate, monitor, and report the key risk categories (such as Strategic, Financial, Operational, Regulatory, Reputational, Third-party, Sustainability, Technological Risks) on a periodic basis. It also prescribes the risk management governance structure along with the roles and responsibilities of various stakeholders within the organization.
2. This Policy has been specifically designed, to achieve the following objectives:
 - a) Ensure achievement of the Company's vision and strategic priorities in line with its core values;
 - b) Integrate risk management in the culture and strategic decision-making in the organization;
 - c) Enable compliance with appropriate regulations and adoption of leading practices;
 - d) Anticipate and respond to changing economic, social, political, technological, environmental and legal conditions in the external environment.



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C. APPLICABILITY

This Policy applies to all functions and locations of the Company.

D. DEFINITIONS

In this Policy, words and expressions shall have the meaning assigned to them below:

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|-----------------------------|---|
| "Act" | shall mean the Companies Act, 2013 and rules framed thereunder, notified by the Minis Corporate Affairs, Government of India, as amended from time to time. |
| "Board" | shall mean Board of Directors of the Company. |
| "Company" | shall mean Absolute Projects (India) Limited. |
| "Listing Regulation" | shall mean Listing Regulations, as amended from time to time; |
| "Policy" | means Risk Management Policy. |

E. CLASSIFICATION OF RISKS

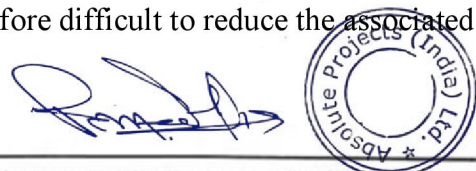
1. Financial / Operational / Compliance Risks

These are internal risks, arising from within the organization that are controllable and need to be eliminated or avoided. For example,

- Risks from employees and managers unauthorized, illegal, unethical, incorrect, or inappropriate actions.
- Retention of talent & succession planning.
- Control failures / gaps in IT / Manual process(s).
- Security of Assets – tangible or intangible.
- Safety of Human Resources.
- Compliance with labour / tax / corporate governance laws.
- Environmental, Social & Governance (ESG) related risk.

2. External Risks

- External risks come up due to economic events that arise from outside of an institution's control.
- It arises from the external events that cannot be controlled by any an institution, cannot be forecasted with reliability, are normally beyond its control, and it is therefore difficult to reduce the associated risks.



For Example:

- i. Economic risk includes changes in market / national economic conditions viz economic recession, gold price changes, changes in foreign currency rates, etc.
- ii. Political risk comprises of changes in the political environment that could hamper business environment.
- iii. Regulatory Risk includes changes in government policies on legal compliances.
- iv. Natural risk factors include natural disasters like earthquake, flood etc. that affect normal business operations.
- v. Risk relating to employee strikes or unrest.
- vi. Cyber security risks.

3. Disruptive Risk

- a) These are the anticipated or unanticipated events which may result in disruption of the operations of the company or existence of its current business framework:
 - i. Innovations to business models that disrupt the existing system – e.g., business models in the e-commerce space that threaten brick and mortar enterprises, technological disruptions, etc.
 - ii. Demand shifts due to change in consumer behaviors.

4. Strategic Risks

- a) Risks taken on consciously linked to strategic choices to earn a higher return.
- b) New geography, category, new channels, for example business expansion plans in other Middle Eastern Countries, South East Asia Europe etc. or business through franchisee model.

The Risk Management Committee will be responsible for review and action plan to mitigate these Internal, External and the Strategic and Disruptive risks periodically and report to the Board of Directors accordingly. The Risk Management Committee will discuss calculated risks required to be taken to augment strategic initiatives in a bid to achieve the long-term goals of the Company.

F. RISK APPETITE

The aggregate level and types of risk the Company is willing to assume within its risk capacity to achieve its strategic objectives and business plan. The currently identified risks, risk classification and the mitigation plans, as aligned to the risk appetite, are defined in the Risk Register.

G. RISK GOVERNANCE

1. An effective RMF should provide a common framework and comparable measures across the company for the Board and the senior management to communicate, understand, and assess the types and level of risk that they are willing to accept.
2. It explicitly defines the boundaries within which management is expected to operate when pursuing the company's business strategy.
3. Implementation of a RMF is most effective when it is incorporated into the decision-making process and communicated and promoted throughout the organization, starting from the top.
4. It, however, needs to be ensured that the 'top down' risk appetite is consistent with the 'Bottom Up' perspective through for example, employee surveys, independent reviews, and internal reporting.

H. COMPONENTS OF RISK MANAGEMENT FRAMEWORK

1. Risk Identification

A. Process: An effective risk identification process would typically:

- i. Identify the significant risks to the achievement of its business objectives.
- ii. Identify all types of risks, associated major components and controls currently in place, from all sources, across the entire scope of the company's activities.
- iii. Identify internal and external risks specifically faced including financial, operational, sectoral, sustainability including ESG related risks, information, cyber security risks or any other risks as may be determined by the Risk Management Committee (RMC).
- iv. Identify risks around opportunities as well as threats, to increase the company's chance of maximizing the benefit of those opportunities when they arise.
- v. Ensure that the organization is aware of its major risks at any point in time, and include elements to update the organization's understanding of risk on an ongoing basis, such as key indicators.
- vi. Ensure that the Board of Directors is informed about the nature and content of RMC discussions, recommendations and actions to be taken by the Company.
- vii. Be systematic, disciplined and documented, methodical and well-organized and in a format that is capable of being communicated and understood by all.
- viii. Be focusing on the root causes and influencing factors of risk, both internal and external, as well as its effects and outcomes: financial, reputational or other.

B. Risk Register – Salient Features:

- i. Collates risk information to enable effective sharing and communication of that information.
- ii. Focuses attention on the key risks and therefore drives action.
- iii. Is linked to the capital requirements of the organization.
- iv. Assists in developing a portfolio view of risk.




- v. Forms the core of an organization's risk knowledge database and is the basis for risk analysis and reporting.
- vi. Facilitates monitoring and review.
- vii. Evidences a systematic and comprehensive approach to risk identification.
- viii. Is subject to regular review and update.

C. Documenting Risk Register:

- i. A description of the risk.
- ii. The classification of risk category
- iii. A description of the control to mitigate the risk
- iv. Frequency of the control performance
- v. Control owner name

2. Risk Assessment:

Risks will be evaluated based on the likelihood and potential impact of the risk occurring. The designated business vertical head will lead the risk assessment process and make recommendations for risk mitigation.

3. Executive Committee to the Risk Management Committee:

This committee which comprises of Senior Management Executives from various business verticals and key functions and they shall formulate Risk Registers, review the risks of the Company, from time to time and provide update to the RMC and subsequently to the Board, including the mitigation plan for each of the risks

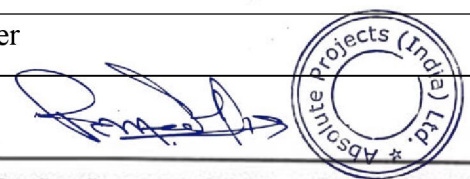
4. Risk Review:

- 1. Risks identified shall be reviewed regularly to ensure it stays relevant and appropriate to the nature and level of risk within the organization.
- 2. The frequency of review should reflect the nature of the risk and its intensity but all risks should typically be reviewed quarterly by management.

5. Risk Mitigation:

After the risk has been identified and evaluated, the respective business vertical heads need to develop a risk mitigation plan, which is a plan to reduce the impact of an unexpected event. Mitigation of risks may take the following ways:

| | |
|----------------|---------------|
| Risk avoidance | Risk sharing |
| Risk reduction | Risk transfer |



Each of these mitigation techniques can be an effective tool in reducing individual risks and the risk profile of the project. The risk mitigation plan captures the risk mitigation approach for each identified risk event and the actions the project management team will take to reduce or eliminate the risk.

- A. **Risk avoidance** usually involves developing an alternative strategy that has a higher probability of success but probably at a higher cost associated with accomplishing a project task. A common risk avoidance technique is to use proven and existing technologies rather than adopt new techniques, even though the new techniques may show promise of better performance or lower costs.
- B. **Risk sharing** involves partnering with others to share responsibility for the risk activities. Partnering with another entity to share the risk associated with a portion of the project is advantageous when the other entity has expertise and experience the project team does not have. If the risk event does occur, then the partnering entity absorbs some or all of the negative impact of the event.
- C. **Risk reduction** is an investment of certain resources to reduce the risk on a project. E.g., Hedging for currency and commodity risks.
- D. **Risk transfer** is a risk reduction method that shifts the risk from the company to another party. The purchase of insurance on certain items is a risk transfer method.

6. Internal Audit:

Further, the independent Internal Audit function shall review on the integrity and robustness of the risk management process.

I. BUSINESS CONTINUITY PLAN

In Business Continuity Plan (BCP) is a step-by-step guide to follow response to a natural or man-made crisis or any other incident that negatively affects the firm's key processes or service delivery. The objective of the Business Continuity Plan is to support the business process recovery in the event of a disruption or crisis. This can include short or long-term crisis or other disruptions, such as fire, flood, earthquake, explosion, terrorism, tornadoes, extended power interruptions, hazardous chemical spills, Epidemic and Pandemic and other natural or man-made disasters. A separate document on Business Continuity Plan has been prepared and approved by the Risk Management Committee.

J. POLICY APPROVAL AND REVIEW

The Board will be the approving authority for the Company's overall Risk Management System, based on the recommendations of the Risk Management Committee. The Board /Risk Management Committee will monitor the compliance and approve this Policy and any amendments thereto from time to time. This Policy will be reviewed from time to time.




K. DOCUMENT APPROVAL & CHANGES HISTORY

| Version | Prepared Date | Risk Management Committee Approval Date | Board of Directors Approval Date | Changes and Reasons for change |
|---------|---------------|---|----------------------------------|--------------------------------|
| 1.0 | | | | |
| 2.0 | | | | |