Regd. Office:

C-63, Basement, Panchsheel Enclave,
New Delhi-110017

NEXT2 DOOR LIVING LIMITED

(C-63, Basement Panchsheel Enclave, South Delhi, New Delhi, Delhi- 110017)

CIN: U55100DL2018PLC328342

Risk Management Policy

Approved by Board of Directors at its meeting held on 2nd March 2026.

Risk Management Policy

BACK GROUND

The Company is engaged in the business of providing residential accommodation services, including rental of flats and/or paying guest (PG) facilities.

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organization continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practices, also called as Risk Management.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources. Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that critical threats are realised.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are Regulations, competition, business risk, Technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

1. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improve the governance practices across the business activities of any organization. The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Equity Listing Agreement have incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain a statement indicating 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.

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Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.
In line with the above requirements, it is therefore considered appropriate for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company.

2. PURPOSE AND SCOPE OF THE POLICY
The main objective of this Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the Company's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk-related issues.

The specific objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified and appropriately mitigated and managed i.e. to ensure adequate systems for risk management.

- To establish a framework for the Company's risk management process and to ensure its implementation.

- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

- To assure business growth with financial stability.

3. DEFINITIONS

- **Risk**
  Risks are events or conditions that may occur, and whose occurrence, if it does take place, may have a positive or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.

- "**Risk Assessment**" –
  The systematic process of identifying and analyzing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

- **"Risk Event / Trigger Point"**
  Risk Event / Trigger Point can be defined as a discrete occurrence that negatively affects strategy, decision and process and may result in financial or non-financial impact.

- **"Process"**
  Process means a series of actions or steps taken to achieve a particular objective. All processes shall collectively cover the Company's business activities relevant to risk assessment.

- **"Risk Strategy"**
  The Risk Strategy defines the Company's standpoint towards dealing with various risks associated with the business. It includes the Company's decision on the risk tolerance levels, and acceptance, avoidance or transfer of risks faced by the Company.

- **"Risk Estimation"**
  Risk Estimation is the process of quantifying risks.

- **Risk Management**
  Risk Management is the process of systematically identifying, assessing, mitigating and managing risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

4. APPLICABILITY

This Policy applies to all areas of the Company's operations.

5. RISK FACTORS

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

a) External Risk Factors:

- **ECONOMIC ENVIRONMENT AND MARKET CONDITIONS**
- **COMPETITION**
- **POLITICAL ENVIRONMENT**
- **REVENUE CONCENTRATION AND LIQUIDITY ASPECTS-**
  Each business segment of the Company may have specific risks relating to revenue, profitability and liquidity. These risks may vary depending on the nature of operations and market conditions.

- **INFLATION AND COST STRUCTURE-**
  Inflation may impact the cost structure of the Company and may lead to increased operating costs, thereby affecting profitability.

- **LEGAL-**
  Legal risk refers to the risk of the Company being exposed to legal action or non-compliance with applicable laws and regulations.

b) **Internal Risk Factors:**
- Regulatory and Contractual Compliance (including approvals, licenses, and lease agreements)
- Operational Efficiency
- Vacancy Risk
- Asset Utilization Risk
- Property Damage Risk
- Safety & security risks
- Tenant Default
- Maintenance & repair cost escalation
- Local regulatory / municipal compliance

6. RESPONSIBILITY FOR RISK MANAGEMENT

Generally, every staff member of the Organization 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.

7. COMPLIANCE AND CONTROL

All Senior Executives, under the guidance of the Chairman and the Board of Directors, are responsible for overseeing the processes of identifying, assessing and monitoring risks associated with the Company's business operations. They are also responsible for ensuring the implementation and maintenance of adequate policies and control procedures to mitigate key risks.

8. REVIEW

This Policy shall be reviewed at least every year to ensure it meets the requirements of legislation and the needs of the Company.

9. AMENDMENT

This Policy may be amended from time to time by the Board of Directors of the Company.

Certified by: VAIBHAV KHANNA Digitally signed by VAIBHAV KHANNA Date: 2026.04.01 16:10:27 +05'30'

Vaibhav Khanna
Whole-time Director
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