RISK MANAGEMENT POLICY

OF

APOLLO SINDOORI HOTELS LIMITED

OVERVIEW

Risk management attempts to identify and manage threats that could adversely impact the organization. Generally, this involves reviewing operations of the organization, identifying potential threats thereto, the likelihood of their occurrence, and taking appropriate action to address the ones most likely to occur.

This document lays down the framework of Risk Management at Apollo Sindoori Hotels Limited ('ASHL' or 'Company'). It shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate them.

INTRODUCTION

'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 realized

GOVERNANCE FRAMEWORK

Risk Management Policy is framed as per the following regulatory requirements:

Companies Act, 2013 Requirements:

Section 134 - The Board of Directors' report must include a statement indicating development and implementation of a risk management policy for the company including identification of elements of risk, if any, which in the opinion of the Board may threaten the operations and existence of the company.

Section 177 (4) - Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include:
(vii) evaluation of internal financial controls and risk management systems.

The Board, its Audit Committee and its executive management should collectively identify the risks impacting the company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy.

SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

Regulation 18 -Role of Audit Committee (Part C of Schedule II)

The role of the Audit Committee shall include the following:

- Evaluation of internal financial controls and risk management systems

Regulation 17- Board of Directors

The Board shall be responsible for framing, implementation and monitoring the risk management plan for the Company.

PURPOSE AND SCOPE OF THIS 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, appropriately mitigated, minimized 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.

APPLICABILITY

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

RISK STRATEGY

At ASHL, we believe that an effective Risk Management process is the key to sustained operations thereby protecting shareholder value, improving governance process, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if any. We believe that risk is an integral and unavoidable component of business and are committed to manage it in a proactive and effective manner. We believe that risk cannot be eliminated. However, it can be: -

- Avoided, by not entering into risky businesses;
- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- Reduced, by having good internal controls;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

The common risks inter alia include: Business Risk, Regulations, Retention of talent, etc.

We shall ensure implementation of effective Risk Management by:-

- Putting in place Risk Management Framework and Processes
- Identifying risks and promoting a pro-active approach in responding to such risks
- Managing and mitigating the risks by allocating adequate resources to minimise their adverse impact on outcomes and in line with acceptable Risk Appetite of the Company
- Strengthening the Risk Management System through continuous learning and improvement
- Complying with all relevant laws and regulations
- Communicating this policy to the required stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment

RISK CATEGORIES

Our risk management framework considers the following categories of risk:

1. Strategy

Risks arising out of the business strategies defined and their execution are covered in this category — for example, risks inherent to our industry are analysed and mitigated through strategic choices of product offerings, target markets, business models and resources available. Common risks we encounter are associated with our business expansion —Acquiring new business / entering new territories, product pricing, supply chain framework, etc., Strategically we seek to continuously expand our operations to maximise the revenue by targeting new markets and increasing existing operational capacities on the basis of our quality and excellence in products offered, services, customer satisfaction while continuously managing and enhancing brand reputation.

Potential risks to the long-term sustainability of the organization are also analyzed and mitigated —for example, risks relating to the impact of our strategy on the environment, local communities, and conservation of resources.

We periodically assess risks to the successful execution of our strategy, such as the effectiveness of strategic programs that are executed, new initiatives, leveraging on inorganic strategies, organization structure and processes, financial performance, retention and development of talent and leadership.

2. **Operational**

Risks arising out of our day-to-day operations are covered in this category — for example, internal and external factors affecting policies, procedures, people and support system thereby impacting delivery, excellence, compromises on our core values or not in accordance with accepted business practices are included. Further external factors include those impacting our business continuity—for example, changes in economic, political and regulatory environment, competitive threats, movement in commodity prices, natural calamities, terrorist attack or war or regional conflicts, availability of raw materials, changes in consumer's habits / preferences, changes in technology, etc., Internal factors include people capability and retention, product quality & safety, managing business partners, business continuity planning, finance and other sources, IT system failures and data security etc.

3. **Reporting**

Changing laws, regulations and standards related to accounting and financial reporting and disclosures create uncertainties, may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time, as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such regulations.

We are committed to maintaining high standards of corporate governance, financial controls, accounting and corporate disclosures and reporting and our efforts to comply with evolving laws, regulations and standards in this regard would further help us address these issues.

Risk of fraud:

Frauds are business scandals arising out of misusing or misdirecting of company's assets, overstating revenues, understating expenses, accounting malpractices, etc. The Company mitigates this risk by:

- Enforcing and monitoring a code of conduct
- Instituting Whistle-blower mechanisms
- Conducting risk assessments
- Adhering to internal control practices
- Understanding the applicable laws and regulations
- Appropriate governance over business operations, reporting, financial accounting and disclosures

4. **Compliance**

Risks resulting from violations or non-compliance with laws, statutory / regulatory compliances, employee health & safety (EHS), corporate social responsibility (CSR), code of conduct or organizational prescribed practices or contractual compliances are covered in this category. The Company is required to comply with multiple licensing requirements related to its business. Further the Company is exposed to unexpected regulatory changes in FSSAI.

We are committed to ensure compliance with applicable laws, regulations and licensing requirements with the support of dedicated professionals, ongoing risk assessment and monitoring and implementing appropriate risk mitigation actions.

RISK MANAGEMENT PROCESSES

Our Risk Management practices are:

A. Risk identification, analysis and evaluation

We begin with risk identification across our operations through various mechanisms that include periodic assessment of the business environment, analysis of the Company's performance vis-a-via annual operating plan, industry benchmarking, incident analysis, findings of internal audit, discussion with Risk Council, etc., Risk analysis and evaluation are carried out for applicable scenarios considering the potential impact, likelihood of occurrence and the detectability of the risk. The applicable risk scenarios are then evaluated for response in the order of priority.

B. Response

This includes selecting and implementing measures to mitigate the impact of identified risks and include:

Avoid: to nullify the risk by refraining from the activities that cause it

Share: to share the risk with another entity for example — taking an insurance policy to cover specific risks

Reduce: to reduce the level and impact of risks through planned mitigation, if not to completely nullify it

Accept: to strategically allow the risk to remain as is considering the risk-reward profile

Mitigation plans are finalized, and owners are identified for implementing the same.

C. Risk Monitoring and Reporting

Management dashboards help track external and internal indicators for each identified risk and assess its severity. The trend line assessment of top risks, analysis of exposure and potential impact are carried out periodically, presented and discussed with the Board.

The progress of risk mitigation plans is reviewed on an ongoing basis. The Board shall periodically review the scope and effectiveness of risk mitigation plans and provides feedback to the mitigation teams.

REVIEW AND DISSEMINATION OF POLICY

This policy shall be reviewed by the Board from time to time as may be necessary. The policy was last reviewed by the Board on 19-05-2023.

This policy shall be disclosed in the Annual report of the Company. This policy shall also be uploaded on the Company’s website www. Apollosindoori.com