RISK MANAGEMENT POLICY

PREFACE

Pursuant to the provisions of the Companies Act, 2013 and the rules thereunder, each as amended and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended, the board of directors of a company is responsible for framing, implementing and monitoring a risk management plan for the company.

Risk is pertinent to virtually all business activities through the varying degree and forms. It is the constant endeavor of Bharat Hotels Limited (the "**Company**") to indentify access, prioritize and manage existing as well as emerging risks in a planned and cohesive manner. The Company recognizes that risk management is an integral part of good management practice. Risk management is an essential element in achieving business goals and deriving benefits from market opportunities. The Company is committed to managing risk in a manner appropriate to achieve its strategic objectives. The Company will keep investors informed of material changes to the Company's risk profile through periodic reporting obligations.

This risk management policy (this "**Policy**") adopted by the board of directors of the Company (the "**Board**") pursuant to a resolution dated [●] sets out the risk management guidelines of the Company. This Policy is intended to assist the Company to establish a sound system of risk oversight and management and internal control that will effectively:

(a) identify, assess, monitor and manage risk which may threaten the existence of the Company; and

(b) inform investors of material changes to the Company's risk profile.

The Board and the senior management of the Company will take a pro-active approach to risk management, ensuring that a Company-wide system is in place which addresses all material internal and external risk factors facing the Company, which include:

(a) financial;

(b) legal and regulatory;

(c) operating; and

(d) commercial risks, including health, safety and environment.

PHILOSOPHY

The continued successful safeguarding, maintenance and expansion of the Company's businesses requires a comprehensive approach to risk management. It is the policy of the Company to identify, assess, control and monitor all risks that the business may incur to ensure that the risks are appropriate in relation to the scale and benefit of the associated project, business or practice and to ensure that no individual risk or combination of risks result in a likely material impact to the financial performance, brand, reputation or the existence of the Company.

Fundamental values of the Company include respect for its employees, customers and shareholders and integrity in all its operations and activities. By acknowledging that risk and control are part of everyone's job, and by incorporating risk management into the Company's daily business practices, the Company will be better equipped to achieve strategic objectives, whilst maintaining the highest ethical standards. All employees of the Company are expected to demonstrate the highest ethical standards of behavior in development of strategy and pursuit of objectives. Individually and collectively the Company's employees shall consider all forms of risk in decision-making.

RISK MANAGEMENT FRAMEWORK

The Board is responsible for establishing and implementing a system for identifying, assessing, monitoring and managing material risk throughout the Company.

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are to be continuously benchmarked with international best practices.

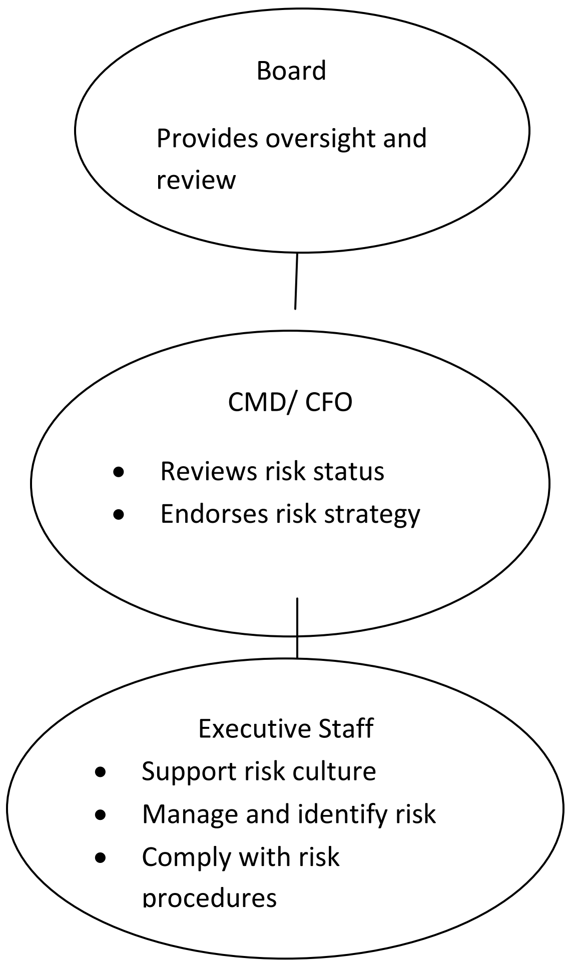
At present, it is the responsibility of the Board to assess the adequacy of the Company's internal control systems and that its financial affairs comply with applicable laws and regulations and professional practices. Regular consideration is given to all these matters by the Board. The Company has in place an internal control framework to assist the Board in identifying, assessing, monitoring and managing risk. The framework can be described under the following headings:

- Continuous Disclosure/ Financial Reporting
- Operations Review
- Investment Appraisal

The Company's internal control system is monitored by the Board and assessed regularly to ensure effectiveness and relevance to the Company's current and future operations. Procedures have been put into place to ensure the Chairperson and Managing Director (the "CMD") and the Chief Financial Officer (the "CFO") provide a statement in writing to the Board that the integrity of the financial statements/reports is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively.

GOVERNANCE FRAMEWORK

This Policy provides a high level overview of the risk governance structure of the Company indicating who is involved in risk and their role. This may be represented as set forth below:



TYPES OF RISK

The risks involved in the hospitality industry and the specific uncertainties for the Company continue to be regularly monitored and the Board formally reviews such risks at least on a [quarterly/half yearly] basis. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal. The potential exposures associated with running the Company are managed by the Board and the Chief Financial Officer, who have significant and broad-ranging industry experience and work together as a team. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

Reputation risk and brand management are particularly important to companies in the hospitality sector and remain the number one rated risk globally. The reputation of an organization is the selling point to guests. A large portion of the risk managers' duties contribute greatly to the reputation of the brand, such as handling guest claims, helping the hotel recover from catastrophic losses and managing employee injuries and illnesses.

Other main categories of risk for the Company include:

- Operational Risk- risks associated with internal business processes, business interruption and system failures;
- Financial Risk- accounting risk, financial reporting risks, inflation, increased interest rates and borrowing expenses;
- Forensic Risk- identity theft and computer fraud;
- Strategic Risk- risks associated with external forces, such as competitors, suppliers, customers, agents and advisers and failure to implement business strategies;
- Real estate-related risks – risks associated with use of real property, including title disputes, failure to obtain relevant approvals or complete construction within prescribed time, higher construction and real estate taxes and termination or non-renewal of subsisting leases or licenses;
- Legal Risk - legal and related issues in which there is an exposure to legal action, such as contract risks, frauds, civil and criminal liabilities;
- Regulatory Risk – failure to obtain or cancellation of required governmental approvals;
- Knowledge and Human Resource Management related risks – shortage of skilled personnel, increased wage costs, strikes, disputes and work stoppages;
- Compliance Risk - continuous disclosure obligations and internal audit;
- Market Risk – changes in economic conditions, commodity prices and investor sentiment;
- Infrastructure Risk – disruptions and lack of basic infrastructure, such as electricity and water supply, higher energy costs and closure of any existing transportation infrastructure; and

- Political Risk – changes in the political situation and regulatory environment and security threats.

DRIVERS OF KEY RISK

FINACIAL RISK STRATEGIC	STRATEGIC RISK
Externally driven	**Externally driven**
Interest Rate	Competition
Foreign Exchange	Customer changes
Credit	Industry Changes
Internally Driven	Customer Demands
Liquidity and cash Flow	**Internally Driven**
Account Controls	Research and Development
	Management Decisions

OPERATIONAL RISK	HAZARD RISK
Externally driven	**Externally driven**
Regulation	Natural events
Culture	Environment
	Suppliers
Internally Driven	**Internally Driven**
Information Systems/ Supply Chain	Products and Services

RISK MITIGATION

Risk needs to be prioritized in the process of analysis and evaluation for their mitigation based on probability, impact and severity. Further, risk proximity (i.e. time window when the risks can surface), complexity of the mitigation plan and funding required are factors that can be considered for prioritizing the mitigation action. Accordingly, the risk can be avoided, reduced, transferred or shared by the Company as follows:

i. Risk Avoidance: The situation which gives rise to the risk can be avoided by excluding the activities or conditions that gives rise to risk. This approach is recommended for the risks with high severity.
ii. Risk Reduction: For the risks which cannot be avoided, measures to reduce either the impact of risk or probability of occurrence can be deployed.
iii. Risk Transfer: Transfer of the total or partial risk to third party, e.g. client, third party vendor, sub-contractor, insurance company, etc.
iv. Risk Acceptance: The risks with low severity may be accepted in cases where the cost of risk mitigation would be more than the risk exposure.

DISCLAIMER CLAUSE

The risks outlined above are not exhaustive and are for information purposes only. The Board and the 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.

ASSESSMENT OF EFFECTIVENESS

The Audit Committee is responsible for reviewing and analyzing the effectiveness of the risk management framework and the risk management systems and shall report its assessment to the Board.