

# **Chalet Hotels Limited**

(Formerly known as Chalet Hotels Private Limited)

CIN: U55101MH1986PLC038538

Raheja Tower, Plot No. C-30, Block 'G', Next to Bank of Baroda, Bandra Kurla Complex, Bandra (E),  
Mumbai 400051. Tel:- 91-22-26564000

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## **RISK MANAGEMENT POLICY**

### **Commitment**

The Board of Directors of Chalet Hotels Limited recognises that it has a responsibility to manage risks and supports a structured, systematic and focused approach to managing them by approval of the risk management strategy. Mitigating the risks that arise during the course of day to day operations would be dealt with by the Board and/or other employees at the time of its occurrence.

“Risk Management” means understanding, identifying, assessing and prioritizing risks followed by coordinated and economical application of resources to minimize, monitor and control the probability and/or the impact of unfortunate events. Risks could be posed by various factors from the uncertainty in financial markets, market conditions, threats from project failures (at any phase in design, development and operations), legal liabilities, credit risks, accidents, natural causes and disasters as well deliberate attack from an adversary or events of uncertain or unpredictable root cause.

Effective Risk Management by the company will:

- Help achieve its corporate objectives and goals in a better manner
- Enhance the value of services it provides to the community
- Sustain growth
- Ensure Good Governance

### **Objectives of the Policy**

1. To ensure that all the current and future material risks and exposures of the company are identified, assessed, quantified, appropriately mitigated and managed.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability

### **Principles of Risk Management**

1. All business decisions will be made with the prior information and acceptance of risk involved.
2. The Risk Management Policy shall provide for the enhancement and protection of business value from uncertainties and consequent losses.
3. All employees of the company shall be made aware of risks in their respective domains and their mitigation measures.
4. The risk mitigation measures adopted by the company shall be effective in the long-term and to the extent possible be embedded in the business processes of the company.

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5. Risk tolerance levels will be regularly reviewed and decided upon depending on the change in company's strategy.
6. The occurrence, progress and status of all risks will be promptly reported and appropriate actions be taken thereof.

### **Risks Identified**

The following table gives the key risks faced by the Company:

<b>Risk Category</b>	<b>Risk Description</b>	<b>Risk Mitigation Approach</b>	<b>Risk Mitigation Status</b>
Strategic	Overdependence on a single Hotel Operator	Evaluate alternative management operator.	Options evaluated to be presented to the Board.
Strategic	Overdependence on Mumbai	Proactive Strategy versus Reactive Strategy: Road map to diversify in other cities.  Business Interruption & Loss of Profit Policy.	Opportunities being proactivity evaluated in every Gateway cities.  Benchmarking with Industry Practices.
Business	Sustained returns from matured hotels in a competitive environment.	Asset Management  Expansion	Periodic performance review is undertaken to address opportunities for improvement.  FSI opportunity is being leveraged through greenfield initiative.
Legal	Assets under litigation	Legal Remedy / Demerger / Divest	Status quo pending outcome of litigation.
Legal	Compliance with Regulatory Framework.	Compliance Management Tool & Documentary Management System  Compliance Officer  Standard Operating Practices (SOP)	Tool Identified: Implementation in progress  Identified  Is being re-framed
Human Resources	Talent Management	Succession Plan  Learning & Leadership  Development Programs	Organizational Chart has been prepared and Succession plan for Managing Director is in Place.  Individual Development plans to be created  Identify L&D Champion

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<b>Risk Category</b>	<b>Risk Description</b>	<b>Risk Mitigation Approach</b>	<b>Risk Mitigation Status</b>
Economic / Natural Disasters	Business Disruptions	Business Interruption and Loss of Profit Policy	Benchmarking with Industry Practices in Process
Project Execution	Project management and execution capability within CHPL	Review in-house skill set linked to growth strategy  Outsourced PMC	New Head of projects in place.  Team being expanded
IT/Cyber	Adaptation of Systems with new technology  Cyber Risk  Systems failures	Manual intervention involving time and error prone  Vulnerability on guest date  Disruption in operations Loss of Data	Alternative solution being developed, PwC and Legasis are engaged.  Insurance plan in place for Hotel(s) managed by Management.  Back-up system plan is being reviewed for improvement.

## **Approval of the Policy**

The Board of Directors will be the approving authority for the company's overall Risk Management System. The Board will, therefore, monitor the compliance and approve the Risk Management Policy and any amendments thereto from time to time.

## **Review of the Policy**

The policy will be the guiding document for risk management and will be reviewed as and when necessary and appropriate due to the changes in the risk management regulations / standards / best practices as appropriate. In any case, the policy will be regularly reviewed on an annual basis.

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