



Sanghvi Brands Limited

SANGHVI BRANDS LIMITED

CIN- L74999PN2010PLC135586

RISK MANAGEMENT POLICY

Registered Address: -
Sanghvihouse,105/2, Shivajinagar, Pune, Maharashtra-411005



Registered Office: 105/2, Sanghvi House, Shivaji Nagar, Pune, Maharashtra 411005

Email: info@sanghvibrands.com

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Sanghvi Brands Limited

1. BACK GROUND

“**Sanghvi Brands Limited**” is an Indian wellness, beauty, and lifestyle services company focused on operating and managing luxury spa, salon, wellness, and fitness brands in India and internationally. Incorporated in 2010, we have expanded our capabilities and manages and operates a portfolio of premium international lifestyle and wellness brands through master franchise rights. Its business includes luxury spa, beauty salon, wellness, and fitness operations across India and select international markets.

It operates through partnerships with hotels, resorts, residential developments, and real estate firms in major Indian cities (like Mumbai, Delhi, Kolkata, Goa, Hyderabad, Chennai, Gulmarg, Manali, etc.) as well as regions in the **Middle East and Indian Ocean**.

‘**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 practice 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 realized.

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.



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2. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organization. The new Companies Act, 2013 and the Clause 49 of the Equity Listing Agreement have also 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.

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, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company

3. 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 Policy aims to identify, assess, monitor and mitigate risks that may impact the Company's business objectives, operations, financial performance, compliance obligations and reputation.

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, 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. Minimize the adverse impact of risks on business operation



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- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.
- Establish a structured and disciplined approach to risk management
- Protect stakeholder value, assets and reputation of the Company
- Support informed decision-making by the Board and management

This Policy applies to all business activities, functions and operations of the Company and its subsidiaries, if any. It covers strategic, operational, financial, legal, regulatory and other risks that may affect the Company.

4. DEFINITIONS

- **Risk**
Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.
- **Risk Identification**
 - Identification of internal and external risks that may affect the achievement of business objectives
 - Risks may include strategic, operational, financial, market, credit, liquidity, legal, regulatory, cybersecurity, environmental, social and reputational risks
- **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 discreet occurrence that negatively affects strategy, decision and process and results in a pecuniary loss.
- **“Process”**
Process would mean series of actions or steps taken to achieve an end. All processes individually and severally shall cover all business activities for each of the risk assessment function.



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➤ **“Risk Strategy”**

The Risk Strategy of a company 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 quantification of risks.

➤ **Risk Management**

Risk Management is the process of systematically identifying, quantifying, mitigating and managing all risks and opportunities that can affect achievement of a corporation’s strategic and financial goals.

➤ **Risk Monitoring and Reporting**

- Continuous monitoring of identified risks and effectiveness of mitigation measures
- Periodic reporting of risk status to the Board / Risk Management Committee

5. APPLICABILITY

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

6. 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**



INFLATION AND COST STRUCTURE-

Inflation is inherent in any business and thereby there is a tendency of costs going higher. Further, the project business, due to its inherent longer timeframe, as much higher risks for inflation and resultant increase in costs.



TECHNOLOGY OBSOLESCENCE –

The Company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.



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LEGAL

Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, the Company is exposed to legal risk.



FLUCTUATIONS IN FOREIGN EXCHANGE-

The Company has limited currency exposure in case of sales, purchases and other expenses. It has natural hedge to some extent. However, beyond the natural hedge, the risk can be measured through the net open position i.e. the difference between un-hedged outstanding receipt and payments. The risk can be controlled by a mechanism of "Stop Loss" which means the Company goes for hedging (forward booking) on open position when actual exchange rate reaches a particular level as compared to transacted rate.

b) INTERNAL RISK FACTORS

- Project Execution
- Contractual Compliance
- Operational Efficiency
- Hurdles in optimum use of resources Quality Assurance
- Environmental Management
- Human Resource Management Culture and values

7. 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.

8. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organizations business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.



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9. REVIEW

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

10. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.



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