POLO QUEEN INDUSTRIAL & FINTECH LIMITED

RISK MANAGEMENT POLICY

1. BACKGROUND

Section 134(3) of the Companies Act, 2013 requires a statement to be included in the report of the board of directors ("Board") of Polo Queen Industrial & Fintech Limited ("POLO " or the "Company"), 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.

Furthermore, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

2. OBJECTIVE AND PURPOSE

In line with the Company's objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

3. RISK MANAGEMENT FRAMEWORK

a. RISK MANAGEMENT PROGRAM:

The Company's risk management program comprises a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of its Board of Directors to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in the light of the day-to-day needs of the Company. Regular communication and review of the risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

b. RISK IDENTIFICATION:

Risk Identification is obligatory on all vertical and functional heads that with the inputs from their team members are required to report the material risks to the Polo along with their considered views and recommendations for risk mitigation.

Analysis of all the risks thus identified shall be carried out by the Polo through participation of the vertical/functional heads.

d. RISK ASSESSMENT AND CONTROL:

Risk evaluation involves comparing the level of risk found during the analysis process against the pre-defined risk weights so as to assess their potential severity of loss and to the probability of occurrence. Risk weights of High / Medium / Low can be assigned based on parameters for each operating activity.

The output of the risk evaluation is a prioritized list of risks for further action. If the resulting risks fall into the low or acceptable risk categories they may be accepted with minimal further treatment.

4. OVERSIGHT AND KEY RISK MANAGEMENT PRACTICES

A. BOARD

The Board is responsible for framing, implementing and monitoring the risk management plan for the Company. The Audit Committee or management may also refer particular risk management issues to the Board for final consideration and direction.

B. RISK MANAGEMENT COMMITTEE

Pursuant to the provisions of Regulation 21 of the Listing Regulations, the Board of Directors at its Meeting held on 28th May,2022 constituted the Risk Management Committee of Directors comprising of members of the Board. The Risk Management Committee of Directors shall review and monitor the various risks concerning the Company and its mitigation plan and such other functions as required under the Listing Regulations or other applicable laws, as amended from time to time.

The Company has constituted a Risk Management Committee as it is a part of top 1000 listed companies by market capitalization at present. However, the constitution of Risk Management Committee would become mandatory for the Company after implementation of the amendments proposed in Regulation 21 of the Listing Regulations effective from 1st April, 2019. According to which, top 1000 listed companies by market capitalization would be required to constitute a Risk Management Committee and Polo would be one of the top 1000 listed entities by market capitalization.

The Risk Management Committee shall meet at least twice in a year in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

The quorum for the Risk Management Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one independent director.

C. ROLE OF RISK MANAGEMENT COMMITTEE

The role of the Risk Management Committee shall, inter alia, include the following:

- review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
- review of operational risks;
- review of financial and reporting risks;
- review of compliance risks;
- review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value;
- review the extent to which management has established effective enterprise risk management at the Company;
- inquiring about existing risk management processes and review the effectiveness of those processes in identifying, assessing and managing the Company's most significant enterprise-wide risk exposures;
- review the Company's portfolio of risk and consider it against it's risk appetite by reviewing integration of strategy and operational initiatives with enterprise-wide risk exposures to ensure risk exposures are consistent with overall appetite for risk.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

The Risk Management Committee has responsibility to review and report to the Board that:

- the Committee has, at least once in two years, reviewed the risk management policy / framework to satisfy itself that all potential risks are identified;
- risk management plan / processes has been designed properly and implemented effectively to manage the identified risks;
- such risk management plan / processes is reviewed and monitored regularly;
- proper remedial action is undertaken to redress areas of potential risk.

5. REPORTING

The management should provide assurance to the Audit Committee & Risk Committee with regards to the financial records, risk management and internal compliance.

Risks will be continuously monitored and reviewed; and the effectiveness of the controls in place and of the risk action plans is assessed to ensure changing circumstances do not alter risk priorities.

6. AMENDMENT IN LAW

Any subsequent amendment / modification in the Listing Regulations / Act in this regard shall automatically apply to this Policy. The same shall be added/amended/ modified from time to time by the Board of Directors of the Company with due procedure.