RISK MANAGEMENT POLICY
OF
PRISTINE LOGISTICS & INFRAPROJECTS LIMITED

Date of approval of Board of Directors	**:**	**March 22, 2022**
Effective Date	**:**	**The Policy will be effective upon listing of securities of the Company on stock exchange(s).**

I. INTRODUCTION

In accordance with Section 134 of the Companies Act, 2013, **("Act")** read with Regulations 17 and 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("**Listing Regulations**"), the board of directors of a company whose securities are listed on stock exchange(s), is responsible for formulating, implementing and monitoring the Risk Management Policy for the company.

Further, 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 shall be included in Board's Report.

Accordingly, to mitigate and manage risks, Pristine Logistics & Infraprojects Limited ("**Company**" or "**PLIL**"), has formed the policy ("**Risk Management Policy**"). This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

II. PURPOSE

PLIL has framed this Risk Management Policy to;

a. identify and assess various risks arising out of internal and external factors that affect the business;

b. work out methodology for managing and mitigating the risks; and

c. establish risk management process.

III. APPLICABILITY

This policy extends to the Company.

III. DEFINITIONS

In this Policy, unless the context otherwise requires:

"**Risk**" means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.

"**Risk Management**" is the process of systematically identifying, quantifying, and managing all Risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

"**Risk Register**" means a tool for recording the Risks identified under various operations;

"**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of Directors of the Company; and

"Policy" means this Risk Management Policy.

IV. RISK MANAGEMENT FRAMEWORK

a. Risk management process

Risk management is a continuous process for identifying and measuring the unknowns, developing mitigation options, selecting, planning, and implementing appropriate Risk mitigations, and tracking the implementation to ensure successful Risk reduction.

b. Stages of Risk management

i. Risk identification and categorization

This stage involves identification of sources of Risk, areas of impacts, events and their causes and potential consequences. It is a continuous identification of events that may have negative impact on the Company's ability to achieve its objectives. Risks in the Company will be identified through

- inquiries and information/data gathering;
- observation/inspection of business plan/strategies and internal control; and
- analytical procedures including SWOT analysis, assumption analysis, comparing market trends, growth and other quantitative data.

For the purpose of identification, Risk may be classified in the following broad categories:

A. Strategic Risk

The strategic Risks refer to external causes or circumstances, if their occurence would be serious enough to alter the strategic direction of the Company's business. It includes the range of events like government policy, competition, political environment, national and international economic condition, domestic and international market dynamism, Company's reputation, foreign currency and market strategy.

B. Operational Risk

The operational Risks are associated with the on-going and day-to-day operations of the Company. It may be internal or external to the business and are usually generated by people, system, processes and technology.

It includes fraud, theft, loss of employees, clients and suppliers, litigation, quality of services, systems failure, data breaches, business disruption, natural disaster and calamities.

C. Financial Risk

The financial Risks are specifically related to the processes, techniques and instruments utilized to manage the finances of Company, as well as those processes involved in sustaining effective financial relationships with customers and third parties.

It includes inefficient working capital management, non-payment by a customer, changes in interest charges on loan, liquidity etc.

D. Compliance Risk

The compliance Risks are associated with the need to comply with laws and regulations. Not complying with the laws and regulations could have financial and legal implications for the Company.

E. Health, safety & environment Risk

The health and safety Risks can occur in a variety of forms, regardless of whether the workplace is an office or inland container depots. Environment Risk includes adverse effects and damage to human life, pollution of the environment by effluents or waste.

All Risks identified shall be documented in the form of a Risk Register. Risk Register incorporates Risk description, category, classification, mitigation plan, responsible function / department.

ii. Risk analysis

Once the Risk is identified and categorized, it should be analyzed. Risk is analyzed by determining its consequences and likelihood.

a) Consequences of the Risk

It may be assessed by the impact of the Risk on the profit, governance and business objectives of the Company. Accordingly, the Risk shall be further categorized into negligible, minor, moderate, major and severe.

Impact	Negligible	Minor	Moderate	Major	Severe
Financial- ***(Loss/ Reduction in profit)***	-	Less than 1%	Between 1%-5%	Between 5%-15%	More than 15%
Legal	Minor legal issue	Non-compliance and breach of regulation	Serious breach of regulation with investigation or report to authority with prosecution or moderate Fine, or both	Major breach of Regulation or major Litigation	Significant prosecution and fines, very serious litigation, imprisonment
Health & Safety	No Medical Treatment Required	First-aid required; or minor Risk of serious injury	Potential of serious injury; small Risk of fatality	Severe injury or disability or some fatality expected	Multiple fatalities expected

b) Likelihood of occurrence of the Risk

The likelihood of occurrence of Risk is based on historic events of the occurrence of Risk and future trends. Based on the likelihood, the Risk shall be classified as:

Likelihood	Occurrence in past	Occurrence in future
Rare	Similar instances have never occurred in the past.	Not likely

Not likely	Though not routinely but there have been instances in the last 1 to 5 years.	May occur once or twice between 1 to 5 years
Likely	There have been 1 or more similar instances in the past year.	Possible, may arise once or twice within 1 year
Highly likely	Similar instances have occurred several times in the past year.	High, may arise several times within 1 year
Expected	Similar instances have commonly occurred every year in the past.	Very high

iii. **Risk evaluation**

Based on the outcomes of Risk analysis i.e. analysis of the consequences and likelihood, Risk shall be classified into following levels for determining the Risk mitigation plan-

A. **Level 1**- High Risk –Board/ senior management attention needed to develop and initiate mitigation plans.

B. **Level 2**-Medium Risk- Functional heads attention required.

C. **Level 3**-Low Risk- Managed by routine procedures.

Decisions should take account of the wider context of the Risk and include consideration of the tolerance of the Risks by the Company including other companies in similar sector and benefit from the Risk.

iv. **Risk mitigation**

Based on the Risk level, the Company will formulate its strategy. The strategy will be choosing among the various options for Risk mitigation for each identified Risk. The following framework shall be used for Risk mitigation:

A. Risk avoidance - Risk avoidance implies not to start or continue with the activity that gives rise to the Risk. Avoidance may seem the answer to all Risks but avoiding Risks also means losing out on the potential gain that accepting (retaining) the Risk may have allowed.

B. Risk sharing – It involves sharing the burden of loss or the benefit of gain, arising from a Risk with a third party.

C. Risk reduction - Risk reduction involves reducing the severity of the loss or the likelihood of the loss from occurring. It means finding a balance between the Risk and benefit from the activity.

D. Risk retention – It involves accepting the loss, or benefit of gain, from a Risk when it occurs. Risk retention is a viable strategy for small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.

E. Develop systems and processes for internal control of identified Risks.

F. Business continuity plan.

V. RISK MONITORING AND CONTROL

Risks need to be monitored so that the Company can act promptly if and when the nature, potential impact, or likelihood of the Risk goes outside acceptable level. It involves managing and tracking the identified Risk, ensuring implementation of Risk mitigation plans, evaluating its effectiveness in reducing Risk, identifying and analyzing the new Risks.

The Risk Register shall have the framework and processes for effective identification, monitoring, mitigation of the Risks. The secretary of the Company shall maintain the Risk Register.

The Board to review the Risk Register at least once in two years and add any new material Risk identified to the existing list considering changing industry dynamics and evolving complexity. These will be taken up with respective functional head for its mitigation.

Existing process of Risk Assessment of identified Risks and its mitigation plan will be appraised to the Board on an annual basis including actions taken on it.

The Board shall review appointment, removal and terms of remuneration of Chief Risk Officer, if any.

The various Risks can be controlled in following ways:

a. Preparation of annual business plans;
b. Periodically cash flows to be monitored at senior levels to access the fund requirements and ensure utilization of funds in an effective manner;
c. Maintaining high standards of compliance and complying with evolving laws, regulations and standards;
d. Regular tracking of the due dates for making the statutory payment;
e. Ensuring sufficient bank balance for timely payment of statutory dues;
f. Effective steps for cost reduction, cost control initiatives, budgetary controls;
g. Professional guidance and opinion and discussing impact of all laws and regulations to ensure Company's total compliance;
h. Focus on efficient operations of environment protection system and equipments;
i. Strive to meet the challenges by meeting customers' demands with best
j. industrial practices in providing better services;
k. Adherence to delivery schedules and meeting targets;
l. Standardization of processes, provide SOPs and training, etc.;
m. Close watch on competitor's strengths and weaknesses and competition;
n. Close watch on market dynamics;
o. Insurance covers from reputed insurance companies and shall keep the Company's properties and insurable interests insured;
p. Educating concerned on new accounting policies/ training on new accounting

software etc.;

q. Proper training and development, incentives and reward system for employees;
r. Ensuring that the right person is assigned to the right job;
s. Proper recruitment policy for recruitment of personnel at various levels in the Company;
t. IT department maintains and upgrades the systems on a continuous basis;
u. Data backups are taken regularly and in a methodical way and stored away from the main systems/servers.

VI. RISK REPORTING

Every employee of the Company is recognized as having role in Risk management for identification of Risk. Every department of the Company will be responsible for identifying and mitigating the Risk of their respective areas in consultation with the functional heads, if required. The functional heads of the Company are responsible for managing Risk on various parameters and ensuring implementation of appropriate Risk mitigation plan.

Risks which are identified as medium Risk or high Risk shall be reported by the respective department to their functional head on immediate basis.

The high Risks (or those that could become high Risk) need to be reported to the Board by the functional head. These Risks are identified and assessed based on the Company's expertise, judgement and knowledge.

The Board shall include a statement in its Board report 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.

VII. Communication of this Policy

This Policy shall be posted on the website of the Company i.e. www.pristinelogistics.com.

VIII. Policy review and amendment

Any change in the Policy shall be approved by the board of directors ("**Board**") of the Company. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

This Policy shall be reviewed by the Board periodically, at least once in two years, including by considering the changing industry dynamics and evolving complexity.