



Kingfa Science & Technology (India) Limited

RISK MANAGEMENT POLICY

INTRODUCTION & 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 Organisation. The Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 has also incorporated various provisions in relation to Risk Management policy, procedure and practices.

This policy is in compliance with the provisions of Companies Act, 2013 (“the Act”) read with Rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 (“the Listing Regulations”) each as amended and made applicable from time to time which requires the Company to lay down procedure for risk assessment and risk minimization.

In line with the above requirements, the Company has framed and adopted “Risk Management Policy”.

OBJECTIVE & PURPOSE OF 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 business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

THE SPECIFIC OBJECTIVES OF THE RISK MANAGEMENT POLICY ARE:

1. 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.
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.
5. To mitigate the risk arising out of possible product performance.

CATEGORIES OF RISK & THEIR IDENTIFICATION

Risks may be broadly categorized as under:

Business risks - which are permanent and cyclical with lot of factors contributing to the same.

Strategic risks - which may affect the Company and its long term growth prospects.

Operational risks - essentially risks associated with day to day operations.

Commodity Price risks - essentially risks associated with price volatility of certain commodities.

Competition and Marketing risks - we operate in a competitive market and expect competition to increase further in the future and risks associated with Customers, Dealers, Logistics, Credit Risks etc.

Financial risks - risks facing the Company in terms of internal systems, planning, funding receivables, foreign exchange etc.

Human Resources risks - manpower availability for operations.

Technology risks - unforeseen changes in regulations, standards and technology.

Cyberattacks and Business Interruption Risks.

Reporting risks - external / internal reporting relating to financial and non-financial information.

Compliance risks - legislative framework within which the Company operates.

Product Performance related risks.

IMPLEMENTATION

All Functional Heads shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Managing Director / Executive Director who shall communicate to the Risk Management Committee / Board, which would ensure that adequate controls are in place to appropriately mitigate the risk.

BOARD OF DIRECTORS

The Board of Directors shall review and define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE

The Risk Management Committee shall have minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. Senior executives of the company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors.

The Board of Directors of the Company constituted the Risk Management Committee and the Composition are as follows:

1. Ms. Nilima Ramrao Shinde, Independent Director, Chairperson of the Committee
2. Mr. D.Balaji, Whole-time Director designated as Executive Director, Member
3. Mr. Sun Yajie – Chief Technology Officer, Member

MEETINGS AND QUORUM

The quorum necessary for transacting business at a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one member of the Board of Directors in attendance.

The Company shall have at least 2 meeting in a year and shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

ROLE OF RISK MANAGEMENT COMMITTEE

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

- (1) To formulate a detailed risk management policy which shall include:
 - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

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 shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

DISCLOSURE

The Company shall make appropriate disclosures as required under the Companies Act, 2013 and SEBI Listing Regulations.

REVIEW AND AMENDMENT

The policy shall be reviewed and modified at any time by the Committee and / or Board of Directors of the Company to ensure that it complies fully within the legislation.

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.
