



Kingfa Science & Technology (India) Limited



Risk Management Policy

This Policy was amended and approved by the Board of Directors at its meeting held on February 7, 2026 and is effective from February 7, 2026.

1. INTRODUCTION & LEGAL FRAMEWORK

Risk Management is an integral component of good corporate governance and sound business practices. It enables the Company to identify, assess, monitor and mitigate risks that may impact the achievement of its business objectives, operational efficiency, financial performance and reputation.

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, require listed entities to formulate and implement a comprehensive Risk Management framework.

In accordance with the provisions of the Companies Act, 2013 read with the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed and adopted this Risk Management Policy to establish a structured mechanism for risk identification, assessment, mitigation and monitoring.

2. DEFINITIONS

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 and the provisions of Listing Regulations, 2015, from time to time.

“Board” means Board of Directors of Kingfa Science & Technology (India) Limited.

“Company” means Kingfa Science & Technology (India) Limited.

“Risk” is defined as the chance of a future event or situation happening that will have an impact upon company’s objective favourably or unfavourably. It is measured in terms of consequence and likelihood.

“Risk Management” encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring

3. OBJECTIVE & PURPOSE OF THE RISK MANAGEMENT POLICY

The objective of this Risk Management Policy is to support sustainable business growth by establishing a structured, proactive and enterprise-wide approach to risk management. The Policy aims to achieve the following objectives:

- To identify, assess, quantify, monitor and mitigate all existing and potential material risks that may impact the Company’s business, operations, financial performance, compliance obligations and reputation.
- To establish, implement and maintain an effective enterprise-wide risk management framework across the organization.
- To enhance organizational stability, resilience and operational continuity through proactive risk management practices.
- To promote compliance with applicable laws, regulations, standards and best governance practices.
- To support sustainable growth while maintaining financial stability and operational efficiency.

- To mitigate risks related to product performance, quality, safety and customer satisfaction, thereby protecting stakeholder value and trust.

4. ROLE OF RISK MANAGEMENT COMMITTEE

The role of the committee shall, *inter alia*, include the following:

(1) To formulate a detailed risk management policy which shall include:

- 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.
- Measures for risk mitigation including systems and processes for internal control of identified risks.
- 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, at least once in two years, including by 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;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

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.

5. CONSTITUTION, MEETINGS AND QUORUM OF THE RISK MANAGEMENT COMMITTEE

The Board of Directors shall constitute a Risk Management Committee consisting of a minimum of three members, with a majority being Directors, including at least one Independent Director. Senior executives may also be appointed as members, while the Chairperson shall be a Director.

The Committee shall meet at least twice a year, ensuring that the gap between two consecutive meetings does not exceed 210 days.

The quorum for a meeting shall be either two members or one-third of the total members, whichever is higher, including at least one Director.

6. CATEGORIES OF RISK

The Company recognizes that risks may arise from both internal and external factors and may impact the achievement of its strategic objectives, operational efficiency, financial performance, compliance obligations and reputation. Accordingly, the Company has adopted a structured approach to identify, assess and monitor risks, which, based on their nature and source, are broadly classified as **Internal Risks** and **External Risks** and primarily include, but are not limited to, the categories outlined below.

INTERNAL RISKS	EXTERNAL RISKS
<p>Strategic & Governance Risks</p> <p>Risks relating to business strategy, governance framework, policy formulation, implementation and decision-making processes.</p> <p>Operational & Business Continuity Risks</p> <p>Risks arising from internal processes, systems, supply chain dependencies, logistics, production disruptions and business continuity arrangements.</p> <p>Financial & Internal Control Risks</p> <p>Risks related to liquidity, cash flows, receivables, funding, foreign exchange exposure and effectiveness of internal financial controls.</p> <p>Human Resource & Industrial Relations Risks</p> <p>Risks associated with availability and retention of skilled manpower, succession planning, employee engagement, industrial relations and workplace safety.</p> <p>Technology & Cyber Security Risks</p> <p>Risks arising from information technology systems, cyber security threats, data breaches, system failures and technological obsolescence.</p> <p>Fraud, Ethics & Whistle Blower Risks</p> <p>Risks relating to fraud, misconduct, conflict of interest, unethical practices and misuse of Company assets.</p> <p>Policy Implementation & Accountability Risks</p>	<p>Market, Competition & Customer Risks</p> <p>Risks arising from competitive intensity, pricing pressures, changes in customer preferences and market dynamics.</p> <p>Commodity Price & Supply Chain Risks</p> <p>Risks due to volatility in raw material prices, availability of inputs, logistics disruptions and dependency on external suppliers.</p> <p>Economic & Macroeconomic Risks</p> <p>Risks arising from inflation, interest rate movements, economic slowdown, currency fluctuations and geopolitical developments.</p> <p>Regulatory & Legal Risks</p> <p>Risks arising from changes in laws, regulations, standards, regulatory interpretations and legal or litigation matters.</p> <p>Environmental, Social & Climate (ESG) Risks</p> <p>Risks relating to environmental impact, climate change, sustainability requirements, social responsibility and stakeholder expectations.</p> <p>Product Liability, Reputation & Media Risks</p> <p>Risks associated with product performance, quality issues, customer claims, adverse media coverage and reputational impact.</p> <p>Geopolitical, Force Majeure & Pandemic Risks</p>

<p>Risks arising from inadequate implementation, monitoring or enforcement of Company policies and lack of clarity or awareness of roles, responsibilities and authority across the organization.</p>	<p>Risks arising from natural disasters, pandemics, acts of God, political instability, trade restrictions or other unforeseen events.</p>
<p>Reporting & Disclosure Risks</p> <p>Risks relating to accuracy, completeness and timeliness of financial, non-financial and regulatory reporting and disclosures.</p>	<p>Third-Party, Vendor & Infrastructure Risks</p> <p>Risks arising from dependency on vendors, contractors, service providers and disruptions in essential infrastructure or utilities.</p>

7. IMPLEMENTATION & RISK MANAGEMENT FRAMEWORK

I. Governance and Responsibility

The Board of Directors is responsible for approving the Risk Management Policy, ensuring that risk management is integrated into strategic decisions, and monitoring overall risk exposure.

The Risk Management Committee will oversee the identification, assessment, monitoring, and mitigation of risks and review risk reports periodically.

Management and Department Heads are responsible for implementing risk management practices in their respective areas and ensuring compliance with the policy.

The Risk Officer (if appointed) shall coordinate the implementation of the Risk Management Policy across the organization, assist Risk Owners, monitor key risk indicators, prepare periodic risk reports, and escalate significant risks to the Board or Risk Management Committee.

Risk Owners shall be designated for each identified risk to ensure accountability and effective management.

II. RISK IDENTIFICATION

Risk identification is the systematic and continuous process of recognizing potential risks that may adversely impact the Company's strategic, operational, financial, compliance, and reputational objectives.

The Company identifies risks through various internal and external sources, including but not limited to:

- Strategic and business planning exercises
- Review of internal processes and operational activities
- Audit findings and internal control assessments
- Analysis of regulatory and legal environment
- Evaluation of industry trends and external market developments
- Review of historical incidents and past experiences
- Inputs received from management and functional heads
- organize risk identification and awareness programmes for employees at periodic intervals
- All identified risks are duly recorded and maintained in a **Risk Register**, capturing details such as

the nature of the risk, its source, potential impact, and assigned risk owner, to facilitate effective monitoring and management.

III. RISK ANALYSIS

Risk analysis involves understanding the nature and characteristics of each identified risk and evaluating the factors that influence its occurrence and consequences.

Each risk is analyzed based on:

- **Root cause** of the risk
- **Likelihood of occurrence**, considering internal controls and external factors
- **Potential impact** on:
 - Financial performance
 - Operations and business continuity
 - Legal and regulatory compliance
 - Reputation and stakeholder confidence

The likelihood and impact are assessed using defined qualitative or quantitative criteria.

IV. RISK ASSESSMENT

Risk assessment is the process of evaluating risks by combining the likelihood of occurrence and the potential impact to determine the overall risk severity.

Based on this assessment:

Risks are classified as **Low, Medium, High, or Critical**

Inherent risk (before controls) and **residual risk** (after controls) are determined. Risks are prioritized to focus management attention on significant and critical risks. The assessed risks are compared against the Company's **risk appetite** to determine acceptability.

V. RISK MITIGATION

For each significant risk, appropriate mitigation strategies are formulated and implemented. The risk treatment approach may include one or more of the following:

- **Risk Avoidance** – Eliminating activities that expose the Company to unacceptable risk
- **Risk Reduction** – Implementing controls to reduce the likelihood or impact of the risk
- **Risk Transfer** – Transferring risk through insurance, contractual arrangements, or outsourcing
- **Risk Acceptance** – Accepting risks within the approved risk appetite

A **Risk Mitigation Plan** is developed, specifying:

- Mitigation actions
- Responsible risk owner
- Timelines for implementation
- Monitoring indicators

8. DISCLOSURE

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

9. 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.