



## Risk Management Policy

### 1. BACKGROUND

K I C Metaliks Limited (the Company) is engaged in the manufacture of Pig Iron and is one of the leading suppliers of Pig iron in eastern India. The business activities of the Company carry various internal and external risks In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. 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. This document lays down the framework of Risk Management at K I C Metaliks Limited (hereinafter referred to as the 'Company') and defines the policy for the same.

### 2. LEGAL FRAMEWORK

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 Risk Management Policy is framed as per the following regulatory requirements:

#### Companies Act, 2013

- a. Provisions of the Section 134(3) : There shall be attached to financial statements laid before a Company in general meeting, a report by its Board of Directors, which shall include-
  - (n) 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.
- b. Provisions of the Section 177(4): Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include - (vii) evaluation of internal financial controls and risk management systems.
- c. Schedule IV [Section 149(8)] - Code for Independent Directors

FOR KIC METALIKS LTD

  
Managing Director



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Role and functions:

The independent directors shall:

1. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, **risk management**, resources, key appointments and standards of conduct;
2. satisfy themselves on the integrity of financial information and those financial controls and the **systems of risk management** are robust and defensible;

Clause 49 of the Listing Agreement

Key functions of the Board – 49(I) (D) (2)

The Board should fulfill certain key functions, including :

- a. Reviewing and guiding corporate strategy, major plans of action, **risk policy**, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments
- g. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, **systems for risk management**, financial and operational control, and compliance with the law and relevant standards.

Role of Audit Committee – 49(III) (D) (11)

The role of the Audit Committee shall include the following:

11. Evaluation of internal financial controls and risk management systems;

Risk Management – 49(VI)

- A. The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.
- B. The Board shall be responsible for framing, implementing and monitoring the Risk Management plan for the Company.

FOR KIC METALIKS LTD.

  
Managing Director







\*C.The Board shall define the roles and responsibilities of the Audit Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

*\* (Note: The provisions of Clause 49(VI)(C) as given in Part-B shall be applicable to top 100 listed companies by market capitalization as at the end of the immediate previous financial year.)*

Information to be placed before Board of Directors

14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

K I C Metaliks Limited being a listed Company is required to adhere to the regulations made both by the Companies Act, 2013 and Clause 49 of the Listing Agreement governed by the Securities and Exchange Board of India (SEBI). Where any stipulation is common between the regulations, more stringent of the two shall be complied with.

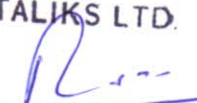
**3. PURPOSE AND SCOPE OF THE POLICY**

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 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.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

FOR KIC METALIKS LTD.

  
Managing Director





**4. APPLICABILITY**

This Policy applies to all areas of the Company's operations and shall come into force from 28<sup>th</sup> May, 2014.

**5. KEY DEFINITIONS**

"Audit Committee" means Committee of Board of Directors of the Company constituted under the provisions of Companies Act, 2013 and Listing agreement.

"Board of Directors" or "Board" in relation to a Company, means the collective body of Directors of the Company. {Section 2(10) of the Companies Act, 2013}.

"Policy" means Risk Management Policy.

"Risk Assessment" means the systematic process of identifying and analysing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

"Risk Management" means the systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

"Risk Management Process" means the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

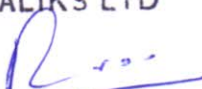
**6. POLICY**

This policy shall complement the other policies of Company in place e.g. Related Party Transactions Policy, to ensure that the risk if any arising out of Related Party Transactions are effectively mitigated.

**Broad Principles**

The Board has to review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analyzing and mitigating all the material risks, both external and internal viz. Environmental, Business, Operational, Financial and others. Communication of Risk Management Strategy to various levels of management for effective implementation is essential.

**FOR KIC METALIKS LTD**

  
Managing Director



