

1. Background

The Risk Management process at ADFL encompasses practices of identifying, quantifying, and managing risks faced by the Company. These risks include strategic failures, operational failures, financial failures, market disruptions, environmental disasters, and regulatory violations. While it might be impractical for the Company to eliminate all the risks from the organizational structure, however it is important that the risks are properly understood and managed in a way that they get adjusted in the context of the overall corporate strategy.

2. Objectives

The specific objectives of this policy are -:

- Determining the risk factors and accepted level of risk arising from ADFL's activities
- Appropriate mitigation or treatment strategies to manage, transfer or avoid risks
- Establishing a framework for Company's risk management process and enabling strategies through fair and best practices
- Assuring organizational growth

3. Risk Factors

The company is exposed to a number of risk factors which include -:

- Financial risks –
 - (a) Risk on exchange rate fluctuations – While the Company does not have a hedging policy, it ensures that the duration between purchase and payment/remittance are kept close, thereby purchase decisions are more conscientious and need based.
 - (b) Risk of the wholly owned subsidiary's deferment period to become financially independent – The Company closely monitors the activities of 3D Future Technologies Private Limited for facilitating a steady incremental growth.
- Commodity price risks - The Company is exposed to the risk of price fluctuations of raw materials as well as finished goods. The Company manages these risks proactively through purchase and inventory management besides, robust vendor development practices.
- Regulatory risks- The Company is exposed to risks attached to various statutes, laws and regulations. The Company mitigates these risks through regular review of legal compliances carried out through internal as well as external compliance audits.
- Human resource risks- Attract and retention of new incumbents into this profession is and will be a major challenge. The HR policies and practices are constantly re-aligned to meet the requirements of both new and existing employees

4. Assessment and Control

The Board of Directors of the Company in consultation with the Members of the Audit Committee would conduct a comprehensive annual review for evaluation of risk management systems and mitigation measures, adopted by the Company. The Board may further suggest improvements or amendments in adopted risk mitigation measures by scrutinizing business processes carried out in the organization. The Board would also review the appropriateness and effectiveness of management information systems and other systems of internal control for necessary assessments.

5. Amendment

This Policy can be modified at any time by the Board of Directors of the Company.

6. Website

This policy shall be disclosed on the website of the Company