

NRB RISK MANAGEMENT POLICY

Background

Clause 49(VI) of the Listing Agreement which has become effective 1st October,2014 for all listed companies provides for a Risk Management Committee to be constituted. The majority of Committee shall consist of members of the Board of Directors. 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 at their meeting held on 12th February,2015 constituted a 6 member Risk Committee comprising Ms. H S Zaveri , Mr. Tashwinder Singh and Mr. S C Rangani, all Directors and executive members Ms. Tanushree Bagrodia, Mr Hemant Jog and Mr Gagan Mathur.

The Board defined the roles and responsibilities of the Risk Management Committee as under and delegated monitoring of the risk management plan to the committee.

Objective

To minimize risks that may affect the achievement of our business objectives and stakeholder value. Risk management practices should seek to sustain and enhance long term competitive advantage of the Company.

Risk Management Structure

The roles and responsibilities regarding risk management in the Company shall be as follows :

Level	Roles & responsibilities
Board of Directors	<ul style="list-style-type: none">• Corporate governance oversight of risk management performed by the Executive Management• Monitoring and approving the risk policies and associated practices of the Company• Reviewing and approving risk related disclosures
Risk Committee	<ul style="list-style-type: none">• Ms.H S Zaveri- Managing Director & President- as Chairman• Mr.S C Rangani-Executive Director & Company Secretary- as convenor• Ms.Tanushree Bagrodia – CFO• Mr.Hemant Jog- Head of Manufacturing Operations• Mr.Gagan Mathur-Head of Sales & Marketing• Mr.Tashwinder singh-Independent Director <p>Committee to review enterprise risks, formulate and deploy risk management policies, initiate mitigation actions, identify owners and review progress</p> <p>Provide updates to the Board from time to time.</p>

c. Risk Categories

Board advised that the executive members identify and list down their perceived risks preferably under the following illustrative heads as below :

- Strategy : Choices and decisions we make to enhance long term competitive advantage of the Company and value to the stakeholders.
- Industry : Relates to the inherent characteristics of our industry including competitive structure, nature of market and regulatory environment.
- Counterparty : Risks arising from our association with entities for conducting business. These include customers, vendors and their respective industries.
- Resources : Risks arising from sub-optimal utilization of key organization resources such as capital and infrastructure.
- Operations : Risks inherent to our business operations includes service & delivery to customers, business support activities like NPD, TPM, Quality management, IT,Legal,Taxation
- Regulations and compliance : Risks due to inadequate compliance to regulations and contractual obligations violations leading to litigation and loss of reputation.

d. **Monitoring**

- Committee to identify top 10 risks at the beginning of every financial year for monitoring.
- Task force members and risk mitigation measures to be set in place for each of the risks
- Summary report to be placed before the Board every quarter