

N.B.I. Industrial Finance Company Limited

Risk Management Policy

Background

The Company's Risk Management Policy ("the Policy") outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance with Regulation 21 and Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and relevant provisions of the Companies Act, 2013.

Objective and Purpose

In line with the Company's objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

Policy

Our risk management approach is composed primarily of three components:

- a) Risk Identification
- b) Risk Assessment and Control
- c) Risk Governance

The description of the identified risks are as follows:-

a) **Risk Identification:**

External and internal risk factors that must be managed are identified in the context of business objectives.

b) **Risk Assessment and Control:**

This comprises the following:

- Risk assessment and reporting
- Risk control
- Capability development

c) **Risk Governance**

- The functional heads of the Company are responsible for managing risk on various parameters and ensure implementation of appropriate risk mitigation measures.
- The Risk Management Committee provides oversight and reviews the risk management policy from time to time.

Examples of some of these identified risks are as follows:

- Broad market trends and other factors beyond the Company's control significantly harming its business, financial condition and results of operations.
- Failure in implementing its current and future strategic plans
- Changes in interest rates
- Changes in government policies
- Security risks and system failures

Risk Management Committee

The Company has a committee of the Board, namely, the Risk Management Committee, which was constituted with the overall responsibility of overseeing and reviewing risk management across the Company. The terms of reference of the Risk Management Committee are as follows:

- review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
- review of operational risks;
- review of financial and reporting risks:
- review of compliance risks;
- review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value;
- inquiring about existing risk management processes and review the effectiveness of those processes in identifying, assessing and managing the Company's most significant enterprise-wide risk exposures;
- review periodically key risk indicators and management response thereto.

This Policy is subject to review by the Board from time to time.

CHAIRMAN