

Listed companies are governed by the Securities and Exchange Board of India (SEBI). Clause 49 of the Listing Agreement of SEBI outlines measures for improvement of corporate governance. In line with Clause 49 and Section 134 of the new Companies Act, 2013, the company has established robust procedures for defining the company's risk strategy. This strategy includes risk identification, and implementation of measures to reduce the impact of these risks.

While risks cannot be entirely avoided, the management has placed measures to manage them effectively in line with regulations, objectives and company's values. In the current economic scenario, managing risks has become more challenging. However, through this policy, steps are taken to address the nature of all identifiable risks applicable to the company and the methods employed by the company to address them

The Risk Management Policy of the company is intended to:

- to serve as a document wherein risks affecting the entire organization, at a macro-level are enumerated
- to describe the measures employed by the management in managing these risks across all divisions and functions.

The company has identified the following important risks that may have a significant impact on the business, if ignored. The company has established a set of proactive and reactive measures to address them. These risks were determined based on detailed analysis of the markets where we operate, nature of our products and services rendered, and inherent risks in various functions.

BUSINESS RISK MANAGMENT

Product obsolescence:

We are operating in a high technology area and the major risk associated with this, is the risk of "obsolescence". To mitigate this we are constantly engaged in innovation and up-gradation through new product Development on regular basis.

We work closely with our product centric technology center for excellence and absorb new technology on continuous basis. We have continuously introduced products into the market to beat the product obsolescence to be relevant to the market and our Customers.

Viraj Mehta
4/6/15

Product Performance

The suitability of products for designated Customer needs are identified at the initial stage of technical evaluation. Still the process requirements and real life conditions in the manufacturing environment pose performance risk.

To mitigate these risks, we have a defined a "Risk Assessment" process undertaken before the order is accepted involving detailed discussion with the functional teams concerned.

The involvement of the functional team depends upon the type risk envisaged like Engineering Design hours, New application areas.

People Skill Loss

This industry, largely depend upon years of skills accumulated over period of time. The loss of skill due to any reason is a considerable Risk for the entity.

The Company has a well defined succession planning and Robust training need evaluation and implementation schedule. This is driven by making this as part of the KRA of the functional Heads.

At another level, this is mitigated by ensuring that the Key people are motivated through right market level compensation and intellectually engaging assignments on an ongoing basis

The progress is evaluated in the Management review meeting on a quarterly basis.

Product Piracy (IP loss/Data Security)

Our products are manufactured under technology arrangement with the promoter group. The IP and design ownership is core to the business success.

The risk associated with this is proliferation of pirated parts in the market and design copying.

The Company is ever vigilant in this regard and continue to protect its IP through its NDAs with employees and Vendors.

There is a strict IT control in place to monitor un-authorized copying and towards this end hardware controls are also enabled restricting copying and transferring data to unauthorized sources.

IT backbone Integrity

The Company is part of global network of Norican Group and there is ever increasing risk of Data security.

This risk is closely monitored by the IT group on a continuous basis through IT control systems implemented at Global level.

Uray Naidyn
4/6/15