

Approved in Board meeting dt.21/10/2014

RISK MANAGEMENT POLICY

The Company follows a specific defined Risk Management Process which is integrated with operations for identification, categorization, prioritization and mitigation of various risks.

RISKS AND CONCERNS

The management perceives the following risks and concerns for its business :

BUSINESS RISKS:

1. **Economy's Growth** : Economy continues to be affected by policy reforms, GDP growth and interest rate which affect the growth and profitability of the Company.
2. **Regulatory Policies:** Changes in Government policies and legislations can affect Company's business.
3. **Competition** : The Company operates in a highly competitive market and its major customer adopts de-risking strategies to maintain more than one source for a product.
The Company's sales and margins are dependent on customers' sales.

FINANCIAL RISKS:

1. **Currency Fluctuations** : The Company is exposed to the risks associated with fluctuations in foreign currency rates on account of foreign currency loans and imports.

RISK MITIGATION MEASURES:

1. The Company is actively exploring all new business opportunities in terms of product diversification.
2. The Company reviews forward exchange contracts/ derivative contracts on a regular basis to analyse foreign exchange exposure and takes appropriate hedging. At present, all foreign currency loans, repayable in Dollar terms are 100% hedged.
3. Implementation of low cost product development and other savings in cost through Kaizen and other cost saving measures.