

## RISK MANAGEMENT CONTROL PROCEDURES

The Company has adopted a policy of assessment of its risks periodically and has identified the following areas for focus.

### 1. INTERNAL RISK

Internal risk comprise of safety of assets, personnel, products, manufacturing process, financial internal control systems and other associated risks.

#### **Fixed Assets / Inventory**

The Company has retained the services of a professional firm of consultants which advises the Company on various types of risks to which the Company may be exposed on a periodical basis. The risk identified are analyzed for insurance coverage and reviewed periodically for the adequacy and insurance policies are taken after considering the safety coverage and other associated parameters involved. Likewise, the possibility of risk with regard to other assets viz. stocks and other movable properties are also analysed and reviewed periodically for the adequacy and extent of coverage.

#### **Personnel**

All staff members and workmen are educated about compliance to safety procedure and consequences of non - adherence and disciplinary action is also initiated wherever there is inadequate compliance. Suitable Insurance Policies have been taken to cover the various categories or personnel against risks.

#### **Manufacturing Process / Operations**

Audit of the process involved in handling of material, fuel and the manufacturing is being conducted at periodical intervals. Fire Extinguishers are activated periodically to ensure that they are in a proper working condition and adequate for the purpose for which they have been installed.

#### **Financial Risk**

The Company has an independent team of internal auditors who critically examine and analyze the various records and documents as well as the control systems of the Company. Any system lapses, procedural deficiencies are looked into as and when pointed out by the internal auditors to ensure proper conduct. The Company has put a robust system of checks while using the Internet Banking facility.

2. **EXTERNAL RISK**

External risk comprise of risks likely to be caused to the Company by third party action viz. business risk, public liability risk, product liability, social risk and other miscellaneous risks. The Company has been periodically reviewing the external risks to which it is exposed to, from time to time, including any public liability that may arise as a result of injury to the public due to possible discharge of effluents and emissions from the Company's factory premises or due to usage of the Company's products. Necessary insurance policies have been effected to protect against financial loss in the event of any claim lodged by the public.

3. **FOREIGN EXCHANGE RISK**

The Company has put into place a comprehensive "Forex Risk Management Process" to continuously track and use appropriate hedging, forward cover and other tools available to protect its exposure in the area of foreign currency. However in view of the extreme volatility of the currency, the opportunity for such protection is somewhat limited.